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# THE JERUSALEM POST

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## Syria, Jordan to build dam on Yarmuk

Post Middle East Staff and Agencies

Jordan and Syria signed an agreement yesterday for building a hydroelectric dam on the Yarmuk River, culminating a successful drive by Amman to prevent Syria from diverting the Yarmuk's waters away from prime Jordanian agricultural land.

The new dam on the Jordan-Syrian border near Israel will permit Jordan to continue irrigating the northern Jordan Valley, while generating electricity primarily for Syrian consumption.

Exploitation of the Yarmuk has been a sore point in relations between the two countries for the past year, after Damascus first laid plans to dam the Yarmuk near its sources inside Syria to generate hydroelectric power.

The initial Syrian plan would have allowed Syria to divert up to 90 per cent of the waters from the river, which is the main source of irrigation for Jordan's northern farming region.

The new \$450 million project is designed to irrigate land on both sides of the border and generate electricity mainly for Syrian consumption, the official Jordanian news agency, Petra, said yesterday in announcing the agreement.

The agreement on the long-delayed project, called the Maqarin Dam, was signed in Amman by Jordanian Prime Minister Zaid al-Rifai and his visiting Syrian counterpart, Abdel-Raouf al-Kasbi.

## Syria, Iraq to have MiG-29s in air by spring

Post Defence Reporter

TEL AVIV - The Soviet-made MiG-29 fighters which Syria and Iraq have acquired are to be operational by springtime. While they will increase the capabilities of those countries' air forces, they will not cause any drastic change in the balance of power with Israel, a senior military source said here yesterday.

The unidentified source said Syria and Iraq have each bought several dozen MiG-29s. Deliveries have commenced, and the first planes are believed to be already flying in Iraq. However it will take time until they are fully mastered by their pilots.

(Continued on Page 2, Col. 2)

## To Our Readers

The Jerusalem Post is now in the process of introducing a computerized editorial system. Such a system, making typewriters and paper obsolete, enables writers and reporters to write directly on a computer terminal screen, editors to edit on screen and designers to lay out pages on screen.

In its initial configuration, the system consists of four central processing units and 52 terminals, with a direct on-line link between Jerusalem and our offices in Tel Aviv.

Atex Inc. of Bedford Mass., the largest producer of computerized editorial systems for newspapers and today a subsidiary of Kodak, is the vendor.

The system will facilitate editorial communications here and abroad, improve efficiency in production and grant us access to new data bases as they emerge on the market.

During the process of conversion our readers may discover novel and extravagant printing and editing errors. We ask their indulgence. The period of conversion is scheduled to last about four weeks. Only after that will we blame all errors on the computer.



Police spray IAI demonstrators with tear gas outside the Foreign Ministry compound in Jerusalem yesterday (top left). An angry demonstrator vents his feelings after the police action (bottom left). Housing Minister David Levy demonstrates his solidarity. (Ippa, Scoop 80)

## Judge Tal has heart attack; Demjanjuk trial delayed

## Vanunu charges published

By MENACHEM SHALEV

Jerusalem Post Reporter

The State Attorney's Office yesterday released a "censored" version of the charge sheet against Mordechai Vanunu, which included details of his alleged disclosure of nuclear secrets to the *Sunday Times*.

The charge sheet was published after the Jerusalem District Court reminded prosecutor Uzi Hasson yesterday that he had promised the court several months ago to examine the possibility of publication. Hasson said yesterday that the publicized charge sheet was not identical to the one presented to the court.

Top Justice Ministry officials dismissed speculation that the details in the charge sheet proved that the information about the inside of the Nuclear Research Centre in Dimona as published by the *Times* - and the newspaper's conclusions from these details - was accurate. Section 91 of the Penal Law states that the term "information" as pertaining to offences against state security "includes incorrect information". Thus, although the charge sheet published yesterday maintains that Vanunu delivered secret information to the *Sunday Times*, this does not constitute an admission by the State that the information was correct.

Yesterday's hearings in the Vanunu trial, which wound up the presentation of the case for the prosecution and of the "mini-trial" on the admissibility of Vanunu's confessions, was heard by only two of the three presiding judges. The third judge, Zvi Tal, was hospitalized in the Intensive Care Cardiac Unit at Shaare Zedek hospital after suffering a mild heart attack on Wednesday night. His condition was described as

"stable" by a hospital spokesman.

Tal's absence may not affect the continuation of Vanunu's trial, which had been scheduled to recess until mid-October. But Tal, 57, also sits on the panel at the trial of alleged Nazi war criminal John Demjanjuk, which had been scheduled to resume on Monday and was postponed indefinitely yesterday.

Both the defence and the prosecution in the Demjanjuk trial expressed sorrow at Tal's situation, but said that they welcomed the unexpected extra time to prepare their cases. Historian Count Nikolai Tolstoy had been scheduled to take the stand for the defence at the start of Monday's hearings.

See articles, pages 2,7

The immediate fate of the Demjanjuk trial will be discussed in a meeting this morning in the chambers of Jerusalem Court Judge Dalia Dorner.

In the Vanunu trial, a secrecy order issued by the Defence Minister has barred the sides from discussing the veracity of the details published by the *Sunday Times*.

Sources in the Justice Ministry said yesterday that according to the provisions of the law it is irrelevant whether any of the information provided by Vanunu was actually correct. But the secrecy order prevents the prosecution from distinguishing between correct and false information. Furthermore, they added, secret information includes that which by external signs is identified as such - for example the signs surrounding the NRC which state "keep out" and "no entry".

(Continued on Page 16)

## Cabinet to skip Lavi on Sunday

By MENACHEM SHALEV, DAVID RUDGE and JOSHUA BRILLIANT

Jerusalem Post Reporters

The proposal to revise the decision to terminate the Lavi aircraft and the proposal of Industry and Trade Minister Ariel Sharon to freeze the dismantling of the project will not be discussed at Sunday's cabinet meeting, aides to Prime Minister Yitzhak Shamir said last night.

Speaking to reporters during a visit to the northern township of Shlomi yesterday, Shamir said that at this point he sees no signs of a change of opinion among the ministers which would justify a new vote. He added, however, that the fate of the Lavi is not sealed, and that if a "legal way to correct the distortion" Nissim is due to ask for a firm

(Continued on Page 16)

## 2 sailors killed in Iraqi missile attack

MANAMA, Bahrain (AP) - Two crewmen killed in an apparent Iraqi missile attack on a small ship off the Iranian coast were counted yesterday.

The commander of Iran's Revolutionary Guards said last night that the Lebanese Hizbullah organization would start acting against American interests in Saudi Arabia and other places in the world. The statement, monitored by Israel Television, said that the Hizbullah terrorist would act in coordination with the Iranian government.

day as the first known fatalities of the renewed tanker war in the Gulf.

As the number of vessels attacked by both sides continued to mount and Iraq launched still more raids on Iranian targets, another U.S. Navy-

escorted convoy of reflagged Kuwaiti tankers was making the downward trip through increasingly dangerous waters.

In late afternoon, the three-tanker convoy was reported to have passed Iran-held Farsi Island, a key staging point for attacks on neutral shipping by Iran's fanatic revolutionary guards in heavily armed speedboats. One of the latest attacks, on an Italian motorship, occurred there early yesterday.

Japanese vessels will not enter the Gulf for at least one or two days unless the Japanese government finds safety measures for them, the Japan Shipowners Association said yesterday. Association official Hideto Shigeta said that the association and the 124,000-member all Japan seamen's union agreed on this

(Continued on Page 16)

## Capital braces for noisy Shabbat

By ANDY COURT and HERB KEINON

Ultra-Orthodox and secular residents of the capital are braced for a renewal of the Sabbath "cinema wars" this weekend with police expecting an increase in haredi protesters despite a decrease in cinema showings they will have to protest against.

Ultra-Orthodox demonstrators are planning to once again appear at major intersections Saturday afternoon and shout "Shabbos!" But this time the number of protest spots will be increased from 15 to 24, according to posters put out by the Ecclesiastical Court of the ultra-Orthodox community (Eda Haredit).

Hundreds of policemen with tear-gas, water cannons, riot gear, and horses will once more be standing by. Jerusalem Police Spokesman Rafi Levy said that preparations

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THE JERUSALEM POST

## Herzog raps violence

## 20,000 IAI workers for J'lem rally

The Israel Aircraft Industries workers' battle against the scrapping of the Lavi appeared heading towards a climax with a mass rally of all 20,000 IAI employees scheduled to be held near the Prime Minister's Office during Sunday's cabinet meeting.

President Herzog last night spoke out against the workers' violent protests, saying the IAI belonged to the nation, not to its employees.

Speaking to Israel Radio in an interview to be broadcast this morning, Herzog said the government alone must decide the country's priorities but that he hoped it would take action to soften the blow to IAI workers.

He said that violent protests "threatened to reduce the sympathy felt by the general public for the workers."

Yesterday, tear gas was fired, reportedly at close range, on IAI men protesting outside the Foreign Ministry in Jerusalem as police appeared to take a tougher line against the demonstrators. Hospital sources said that 10 people were so severely affected that the gas must have been fired at less than the minimum allowed range.

Last night officials were still considering whether to grant a permit for Sunday's rally. But workers' representatives said the demonstration would go on regardless.

Fears were growing last night that the workers' leaders would not be able to control the more militant campaigners.

There were ugly scenes yesterday as demonstrators cursed police and Border Police officers, chanting "Nazi, Nazi!"

When some of the workers blocked the entrance to the Foreign Ministry and others tried to pull down the fence surrounding the compound, Jerusalem police chief Yosef Yehuda'i ordered his men to fire tear gas grenades.

"I had no choice," he said. "It was getting out of control."

People gagged and cried as the cloud of gas enveloped them. Some suffered severe pain in their lungs, eyes and digestive systems, said a spokesman for Shaare Zedek hospital, where the most seriously affected victims were taken.

IAI organizers at the scene vowed revenge. One of them shouted: "We won't let this pass quietly. We are preparing 20,000 (workers) and we'll go onto the runways (of Ben-Gurion airport) and cut off the State of Israel."

After the tear gas was fired, some workers using stones tried to block traffic passing the Foreign Ministry but they were prevented by police armed with riot sticks.

Compiled from reports by Bernard Josephs, Judy Siegel and Andy Court

A stone thrown by demonstrators smashed the windshield of Yehuda'i's car. The confrontation ended at noon when the workers decided to return to IAI headquarters where the workers' committee condemned the police action as "completely unnecessary."

Appearing weary after four days of trying to control demonstrations, workers' leaders ordered workers to return to their "hangars" ending the day's demonstrations, which included a protest in Tel Aviv in which four were arrested.

"We, the committee members, are exhausted," Haim Azulai pleaded through a megaphone. "Please listen to what we say or else there will be chaos."

The workers cheered when Rafi Hatam and Amos Gilboa, two committee members who received medical treatment after being overcome by the tear gas, entered the workers committee building.

(Continued on Page 16)

## Nissim goes to U.S. next week

Jerusalem Post Reporter

Finance Minister Moshe Nissim is due to leave next week for a two-week trip to the United States and Canada. The minister will meet with U.S. Secretary of State George Shultz and hold talks on the ways to implement the Reagan administration's proposals regarding the termination of the Lavi fighter project.

Nissim is due to ask for a firm

American commitment to purchase Israeli equipment in the framework of a buy-back offset arrangement. In addition he will ask that American orders for Israel Aircraft Industries be enlarged to help to reduce the number of dismissals that will be caused by the dropping of the Lavi project.

(Interview with Nissim, see page 5.)

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# HOME AND FOREIGN NEWS

## New IDF arms orders due, but less work seen for IAI

By JOSHUA BRILLIANT  
Post Defence Reporter

TEL AVIV.— Senior defence sources yesterday insisted that the IDF has already begun implementing plans for developing new weapons in place of the Lavi. They said that intensive talks are already underway with Israel Aircraft Industries and orders will be placed shortly. The sources acknowledged that the new projects will not provide nearly as much work as IAI had before the cabinet stopped the fighter aircraft project.

This picture contradicts IAI claims that there are no talks or written agreements about alternative projects to the Lavi.

The sources told *The Jerusalem Post* that an examination of four projects is to be completed by Wednesday. A team headed by the assistant to the head of the IDF's Planning Branch and including representatives of the ground forces, the Air Force, Navy and Intelligence, has been conferring with IAI representatives. They said that relations seemed to be good although the Planning Branch had spearheaded the IDF's campaign against the Lavi.

Work is being carried out faster than anticipated and the quantities are "significant," a well-placed military source said. However, the military sources declined to discuss the number of workers expected to be employed on these projects nor the sums involved.

Earlier this week, Chief of General Staff Aluf Dan Shomron told defence reporters the army had informed Defence Ministry Director-General David Ivri of the first group of projects it wants implemented. Within a fortnight it will have a better idea of the budgets it can devote to research and development and will then choose a second group of projects.

Some of these projects are to last years although launching them

could also take years. Shomron and his deputy, Aluf Ehud Barak, had told the cabinet as much, a senior defence source said.

In the meantime, the defence establishment has instructed IAI not to curtail six of the projects connected with the Lavi. These include communications and electronic warfare systems which are to be developed for other weapons systems. The 500 to 600 workers engaged in their development will be assured of continued work.

IAI said last night that of the six projects, two were being carried out at Rada and Elbit.

IAI sources meanwhile maintain that they are facing financial difficulties as they must continue paying Lavi workers' wages though they will not be getting money from the government.

One well-placed source said IAI has already spent some \$145m.-\$150m. of the \$209m. allocated for the Lavi for this year.

## Yet another review for Jerusalem stadium

By ANDY COURT  
For the Jerusalem Post

The plan for a new soccer stadium in Jerusalem, which has already been checked more times than a spacecraft before launch, is currently under another Interior Ministry review which may last two or three weeks.

Avraham Shafat, the legal adviser to the Interior Minister, said that his office is now studying the plan for the stadium at Manahat. "We shall take our time," Shafat said. "There are things to check before we present the plan to the prime minister."

Shafat would not specify what his office was checking that has not been checked by the local, district, and national planning bodies which have already approved the plan. After a national appeals board cleared the way for the project several weeks ago, a national planning subcommittee reviewed another appeal and unanimously recommended that Shafat approve the stadium plan.

Jerusalem Municipality spokesman Rafi Davara charged yesterday that the Interior Ministry, a bastion of the ultra-Orthodox parties that oppose the stadium plan, is simply looking for every possible excuse to hold up the stadium. The municipality is now planning "public and legal actions" to get the stadium plan passed, Davara said.

Mayor Teddy Kollek was expected to protest opposite the Prime Minister's Office early this morning. No date has yet been set for hearing of MK David Zuckerman's appeal to the High Court of Justice case against Shafat. Zuckerman claims that Shafat has already forfeited his right to veto, or in any way alter, the stadium plan, because he has waited so long to take any action.

## Tired of quick turnover in post

## Arab leaders: We don't need a special minister

By DAVID RUDGE  
and ELAINE FLETCHER  
Jerusalem Post Reporters

Israeli Arab leaders yesterday called on the government to scrap the post of minister for Arab Affairs, saying they were discouraged by the announced departure of incumbent Moshe Arens, the second man to leave the post inside of a year.

They maintained that they were tired of seeing ministers come and go in the office, and that the position itself was redundant.

"It is high time that we were treated as equals and allowed to work directly with the various ministries in the same way as Jewish local authorities," said Ibrahim Nimr Hussein, chairman of the National Committee of Arab Local Councils.

"We don't need a special minister to deal with our problems and act as a mediator with the various government agencies," said Hussein, who is mayor of Shfaram.

Deputy Minister Ronnie Milo has been mooted as the most likely candidate to take over the Arab Affairs post from Arens, who tendered his resignation over the cancellation of the Lavi project.

But Hussein said the Arab leaders didn't want to initiate a new appointment into the problems of their sector — "and in a few months to see him leave."

"We don't want Ronnie Milo nor anyone else," he asserted.

Hussein praised the efforts of Arens and his predecessor, Ezer Weizman, in trying to understand and solve the problems of the Arab sector.

But Hussein charged that Arens quit the job before following through on his promises.

"Arens said he would bring forward proposals to solve all of the problems in the Arab sector, in equality, budgets, development, schools, planning," said Hussein. "He worked with us. He investigated our problems thoroughly, and he understood. But he didn't finish his work."

Ahmad Abu Asbah, mayor of Jat and a member of the Arab local council committee, said the very existence of a minister for Arab Affairs, "proves the fact that there is a policy of discrimination. We want to be like all citizens and have every ministry deal with us."

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HELSINKI	6	23	Cloudy
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JORDANESBURG	19	25	Clear
LONDON	13	25	Cloudy
MADRID	17	23	Clear
MONTREAL	13	25	Cloudy
NEW YORK	13	25	Cloudy
OSLO	4	29	Clear
PARIS	13	25	Cloudy
SAO PAULO	18	24	Clear
STOCKHOLM	11	22	Cloudy
TOKYO	14	23	Cloudy
TORONTO	11	22	Cloudy
VIENNA	14	23	Cloudy
ZURICH	11	22	Cloudy

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## THE WEATHER

Forecast: Pleasant.

	Yesterday's	Humidity	Today's	Max
Jerusalem	18	22-30	28	
Golan	18	18-31	30	
Nahariya	18	22-29	29	
Safed	18	22-32	31	
Haifa Port	18	22-36	35	
Tiberias	18	22-36	35	
Nazareth	18	22-36	35	
Alula	18	21-34	34	
Samaria	18	20-32	30	
Tel Aviv	18	22-30	30	
B. G. Airport	18	21-31	31	
Jericho	18	22-38	38	
Gaza	18	23-30	30	
Beersheba	18	26-34	34	
Eilat	18	26-40	40	

## Foreign Ministry denies it snubbed French deputies

Post Diplomatic Correspondent  
The Foreign Ministry yesterday denied that it had snubbed a visiting delegation of French parliamentarians, including a deputy of the ultra-right National Front Party. The spokesman of the Foreign Ministry, reacting to press reports on the alleged snub, issued an official statement that "there was no intention and there is no intention of boycotting the delegation. The Foreign Ministry indeed helped organize the delegation's private visit, including a tour of the Knesset."

Foreign Ministry sources said yesterday that the ministry's assistance to the delegation does not represent a change of policy towards the National Front.

## MIGS

(Continued from page one)

lots, the source said.

Iraq is expected to make its Migs operational as soon as possible in order to send them against Iran. Syria is expected to have Migs operational by the spring.

Mig-29s have also been sold to East European countries and India. Jordan, whose king has a special affinity for his Air Force, has expressed an interest in the planes. The Migs could become an important Soviet export, as the Mig-21s were in the past.

The new Migs have improved maneuverability, radar and missiles. They appear to include ideas copied from the U.S.-built F-14s, -15s and -18s. The Mig-29s' lines are "surprisingly similar" to the American models, according to the source.

The Mig-29's introduction is not expected to cause any drastic change in the balance of power because the new plane belongs to the F-15 and F-16 generation with which Israel has extensive battle experience.

## Rafael workers: 'We won't sacrifice our jobs for IAI'

By YA'ACOV FRIEDLER

HAIFA — The works committee of Rafael, the Armaments Development Authority, warned yesterday that it would not let the government take jobs from Rafael in order to appease Israel Aircraft Industries workers.

The committee fears that 900 jobs will be shifted from Rafael to the IAI to calm angry Lavi-project workers who have taken their fight to the streets.

"We have learned their lesson and we will not hesitate to demonstrate our opposition to the mass dismissals that are apparently already in the works at Rafael," a representative said.

The Defence Ministry, which runs Rafael, immediately denied that it would transfer projects from Rafael to the IAI. But Rafael's senior executives met yesterday

with the general-manager, Mussa Peled, to prepare a new recovery programme that reportedly will include 900 dismissals, this in addition to 700 workers already laid off in the past two years. This would reduce Rafael's work force by 25 per cent and as younger men would be the first in line for dismissals "this would ruin our research capability for at least a decade," a committee spokesman said.

The recovery plan, to be completed by October, is aimed at adjusting Rafael's activities to the volume of orders for armaments development from the IDF and overseas buyers.

The staff committee warned that they would insist that at least those development projects already started by Rafael would not be transferred to the IAI.

## Charge sheet against Vanunu

THE STATE OF ISRAEL

MORDECHAI VANUNU

A. The facts:

1. The defendant was employed at the Nuclear Research Centre in the Negev near Dimona (hereafter - the NRC) as a technician and operator from November 2, 1976 until October 27, 1985.

2. At the start of his employment, the defendant underwent an operator's training course at the NRC at the end of which he signed an affidavit to maintain secrecy. He was duly instructed by the security officers there.

3. During the period of his employment at the NRC the defendant was also instructed from time to time about the need to maintain secrecy and signed a number of affidavits and commitments to that effect.

4. During the period of his employment at the NRC, mainly from the beginning of 1985, the defendant collected, prepared, recorded and held in his possession secret information - all without being authorized to do so and with intent to impair the security of the state.

5. (a) The actions of the defendant, as stated in section 4 above, occurred when he visited top secret areas in the NRC to which entry and stay were prohibited to the unauthorized, which included the defendant.

(b) Once in the areas, the defendant photographed various installations and objects and also copied details and diagrams from professional booklets, the contents and security grade of which are secret.

(c) The defendant took the information thus collected out of the NRC and hid it in his home.

6. Following is the information which the defendant collected, ob-

tained, recorded and held possession of:

(a) Information on the physical and organizational structure of the NRC.

(b) Information on secret developments at the NRC.

(c) Operating procedures and secret production processes at the NRC.

(d) Code names and terminology of various secret developments at the NRC.

7. On October 27, 1985 the defendant ended his employment at the NRC and on January 19, 1986 he departed Israel, taking with him the photographs he had shot at the NRC as well as handwritten notes which he had recorded during and after the collection of the above mentioned information as detailed above.

8. On or around May 1986, the defendant reached Sydney, Australia and soon afterwards met a man named Guerrero who presented himself as a journalist.

9. When the defendant learned Guerrero's occupation, he told him that he had worked at the NRC and delivered to him secret information which he had been privy to in the course of his work as well as part of the information which he had collected, as mentioned above, as well as pictures which he had developed from the films which he had photographed in the course of his employment at the NRC.

10. (a) In Sydney, Australia the defendant also met with representatives of the London newspaper *The Sunday Times* (hereafter - the newspaper) and gave them much top secret information which he had collected during the course of his employment.

(b) At the time the defendant delivered the information, as men-

tioned above, to Guerrero and to the representatives of the newspaper he had intended to impair the security of the state.

(c) The defendant delivered the above mentioned information knowing that it would be published by the newspaper and that the information would thus fall into the hands of the enemy. The defendant thus intended to assist the enemy in war against Israel.

11. On October 5, 1986, the newspaper published a report entitled "The Sunday Times Reveals: The Secrets of Israel's Nuclear Arsenal."

12. Much top secret information was publicized, from information provided by the defendant, in the above mentioned report about the NRC, including the pictures which the defendant had photographed and delivered to the newspaper as detailed above.

13. As stated, all the information which the defendant collected, obtained, recorded and prepared as well as all the information which was published in the above mentioned report and which was delivered by him without authorization is secret information as defined by law.

B. The defendant is accused of the following violations:

1. Treason. Assistance to an Enemy in War - a violation of section 99 of the Penal Law, 1977.

2. Aggravated Espionage. Delivery of Secret Information with Intent to Impair the Security of the State - a violation of Section 113(b) of the above mentioned law.

3. Collection of Secret Information with Intent to Impair the Security of the State - a violation of section 113(c) of the above mentioned law.

## Large crowds expected at Dylan shows

By GILEAD LIMOR  
For the Jerusalem Post

Bob Dylan, the figurehead of American folk music and a living legend, will appear at Hayarkon Park (Ganei Yehoshua) at 8:30 p.m. tomorrow for the first of two concerts in Israel.

A large crowd is expected, including purchasers of tickets for the concert which was cancelled earlier this week.

According to the organizers, both tomorrow's concert and the performance in Jerusalem's Sultan's Pool Monday have been sold out, exceeding their expectations.

The tour, which was announced several months ago, has become the most talked-of musical event of the year. Tom Petty and the Heartbreakers, the American group which has toured with Dylan over the past year, will perform alongside the singer in both concerts.

## Amos wins

Amos Mansdorf won his second round singles match at the US Open in Flushing Meadow, New York late last night. Mansdorf beat his American opponent Marcel Freeman 2-6, 6-3, 6-2. To gain a berth in the third round, in which he faces 16th seeded Anders Jarryd of Sweden ranked 18 in the world.



A crew member of a Soviet Navy supply ship repainting the vessel's name as it anchors at the entrance of the Strait of Hormuz off the United Arab Emirates port of Khor Fakkan yesterday. (Reuters)

## Stallone here for 'Rambo III'

By ANDREA KING

Sylvester Stallone, his bodyguard, athletic trainer and chef arrived in Israel last night and went directly to their Dead Sea hotel.

Stallone will be in Israel for the next ten weeks filming *Rambo III* at

the Dead Sea and near Eilat, locations resembling Afghanistan.

According to a source, the star of the *Rambo* and *Rocky* movies arrived with one personal bodyguard from the U.S. and hired two additional bodyguards here.

ברוך דין האמת  
**MINNIE TRINK**  
passed away on Thursday, September 3, 1987.  
Deeply mourned by:  
her children: Linda, Barry, Ann  
sons-in-law: Yitzhak and Moshe  
and grandchildren  
Shiva at 23/2 Reh. Pines, Petah Tikva, 03-9321646.

The unveiling of the tombstone of the late  
**TILLA SUPER**  
widow of Rabbi Arthur Saul Super ז"ל  
will take place at the Herzliya cemetery  
on Monday, September 7, 1987, at 3:30 p.m.

It is two years since our dear  
**SHLOMO (Sal) DOMB** ז"ל  
left us.  
There will be a memorial service at 5 p.m. on  
Sunday, September 6, 1987 (12 Elul 5747) at  
the Ramat Hasharon cemetery.  
Miri, Ilana and Yair

We are setting the stone for our beloved  
**JOHNNY SHORTLIDGE**  
on Sunday, Sept. 6, at 10:00 a.m., at the American cemetery.  
Family and Friends

On the first anniversary of the passing of our beloved  
**LINDA FISHER** ז"ל  
A memorial service will take place at the new Beersheba cemetery  
at 4:00 p.m., on Thursday, September 10, 1987.  
The Family

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## 'Final stage in wage talks' due to begin on Sunday

By AVI TEMKIN  
Post Economic Reporter

Histadrut and Treasury representatives are due to meet on Sunday for what labour federation officials call "the final stage in the wage talks." They said the negotiations will go on until an agreement is reached. At the end of the expected marathon talks, the two sides will

sign a new collective wage agreement for the public sector.

The Treasury's chief negotiator, Hillel Dudai, met yesterday with trade union department head Haim Haberfeld for a further round of talks, which followed Tuesday's breakthrough achieved by Finance Minister Moshe Nissim and Histadrut Secretary-General Israel Kessar.

According to the labour federation, the gap between the sides is still large, but the Treasury representative brought to the meeting some clarifications which will enable the sides to start non-stop negotiations on Sunday.

No official details about yesterday's meeting were disclosed, but according to Histadrut sources they dealt with the Histadrut's demand for a lessening of weekly work hours. In addition, Haberfeld and Dudai discussed ways to stagger the increments that will be granted to public sector workers.

## Jewish woman ordered to leave Gaza husband

KHAN YUNIS (Itrn). — A Jewish woman who disappeared nine months ago from the Dan region was discovered here this week in the home of her Arab husband and ordered to leave the Gaza Strip by the military authorities.

The woman was questioned by police on Wednesday and given 48 hours to leave the area. By law, Israeli citizens must receive written permission from the Israeli military authorities to live in the Gaza Strip.

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The funeral will take place in Kibbutz Kfar Hanassi today,  
Friday, September 4, 1987 (10 Elul 5747) at 2:30 p.m.  
Kibbutz Kfar Hanassi

05/90 1847



MANILA (Reuters). — Ninety-one people were killed when Communist rebels ambushed an army patrol and fought other skirmishes with a Philippine military shaken and fragmented after the country's most serious coup attempt.

The toll, reported yesterday by the army, included 21 troops killed while patrolling a mountain village east of Manila on Wednesday.

The Communist New People's Army said in a statement that much of the isolated far north of the country remained effectively in the hands of army rebels who tried to overthrow President Corason Aquino last Friday.

The Philippine flag was still being flown upside down in military camps in the region as a sign of war, the guerrilla group's northern Luzon command said.

The ambush in Quezon Province was the first sign that the guerrillas would carry out a threat to intensify their 18-year-old war with the government while troops remained at odds with each other over the attempted coup.

Sixty-one guerrillas and nine soldiers were killed in six other incidents reported by the military and the state-run Philippine news agency.

Defence Secretary Rafael Ilto

## Rebels still control the far north

# 91 die as Communists hit divided Philippine army

said the coup leaders still had a force of about 2,000 troops and could launch another attack.

Confusion remained over how many officers had supported the rebellion and how many of the country's 150,000 regular troops resented the violent way in which it was crushed.

Twenty-two civilians, 19 rebels and 12 government troops were killed and more than 300 wounded in the day-long rebellion, according to official figures. Soldier fought soldier from before dawn until well after nightfall, the heaviest fighting in the capital since World War II.

Aquino, after five days of near silence, went on television late Wednesday to give a graphic account of the turbulent first hours of the revolt.

"I had gone to bed at midnight. I woke to the sound of gunfire," he said. A "hot line" to her army chiefs

failed, she added.

Ordering loyal troops to put down the rebellion "was necessary because I had to prevent a greater violence," she declared.

The 25-minute broadcast was the first full official description of how her 18-month-old government coped with the fifth and most serious attempt to topple it.

A report by Aquino's security chief released late on Wednesday said a general who commanded the army under deposed President Ferdinand Marcos had planned the revolt with Colonel Gregorio "Gringo" Honasan.

Presidential guard commander Colonel Voltaire Gazmin named the officer as former army chief Major-General Josephus Ramas, but gave no details of his involvement.

Aquino's broadcast on Wednesday night suggested scenes of confu-

sion — when trucks carrying loyal troops broke down and telephones were always busy as she wanted to order a counter-attack. She described how she tried to keep her grip while the fifth and most serious revolt she has faced swelled with defections and her commanders could not attack for lack of men.

When enough soldiers were found, the attack was stalled because their vehicles broke down, she said.

At one point, her security chief, Gazmin, told her to abandon the Malacanang presidential palace.

"But I had no intention of leaving," Aquino said. "This was my place. I remembered what had happened to my predecessor who did not make a stand."

Eighteen months earlier, Ferdinand Marcos fled the same Malacanang palace, catapulting Aquino to the presidency in a civilian-backed army revolt led by virtually the same

officers who tried to overthrow her last week.

The revolt began at 1:45 a.m. when columns of rebel soldiers tried to storm the palace from two streets, Aquino said. Her only son, Benigno "Noy" Aquino, 25, deliberately withheld from her the news that he was among those wounded.

The attackers had retreated from the palace by then, but Aquino described receiving news that only got worse. Rebels had scaled the walls of Camp Aguinaldo, the main army camp before occupying it, and others seized the air force base, almost capturing Air Force Chief Major General Antonio Sotelo.

Rebel soldiers had also taken over the civil government in central Cebu, the country's second largest city, seized the airport in Legaspi, and captured nearly all of the main regional army camp in Pampanga.

Two Manila television stations had also fallen into rebel hands and a third, the state-owned Channel Four, was under attack.

When she ordered a full attack on rebel positions, Aquino said, she could not reach Chief of Staff General Fidel Ramos.

"I asked my daughter, Bally, to call General Ramos but the hotline was dead. We tried the phones but they were either busy or dead."

## Chess for Peace in UK

# Israelis cause Fahd to quit sponsorship

By DAVID HOROVITZ  
Jerusalem Post Correspondent  
LONDON. — Israeli faced Indian yesterday across a chess board, for the first time in the history of the game.

Ya'acov Meri and Praveen Thipsai were playing a third round match in the 1987 Chess for Peace tournament here, and their battle of wits represented at least partial fulfilment of Amin's dream of bringing international peace to the world of chess, at least.

The tournament has had a rather chequered first few days: it was to have been one of the most lucrative chess events ever, with 200-plus players competing for a £100,000 first prize and the King Fahd Trophy.

But in the examination hall quiet of North London Polytechnic's main assembly room yesterday, only 20 or so matches were taking place, part of a reduced field of 111 now competing for a mere £4,000 first prize.

Only five of an expected 59 grandmasters have turned up — two of them Israeli. And it is the Israeli presence at this tournament that caused King Fahd to withdraw his £250,000 sponsorship.

Tournament organizer Richard O'Brien told *The Jerusalem Post* that "Fahd apparently just assumed that we wouldn't be inviting Israelis."

When he heard that they were sending eight players — he refused to have anything to do with the tournament.

Although the Saudi Arabians have pulled out, players from Egypt,

Lebanon, Qatar and the United Arab Emirates opted to stay and play, and while they have not yet been drawn against Israelis, there is no suggestion that they will refuse to play them.

Egyptian-born Amin, 45, a self-confessed chess fanatic, who runs a "chess cafe" in north London, said yesterday that he had put £38,000 of his own money into the tournament to insure that it went ahead in the absence of its main sponsor.

"What The Saudis are trying to do is against the whole point of Chess for Peace," he said. "I thought people would forget about their wars and just concentrate on chess. Now I feel like giving up. If you cannot break the ice through sport, you never will."

Despite these pessimistic public pronouncements, Amin has already committed himself to a 1988 Chess for Peace tournament, which he hopes will be "free of the problems which beset us this year." And he was delighted to see the Meri-Thipsai contest going ahead.

Even without the Saudi sponsorship, the tournament still ranks as the richest open chess competition in the UK this year. Top seed is American Maxim Dlugy, with Israeli Grandmasters Meri and Lev Gutman seeded fifth and sixth respectively.

Meri and Thipsai were still in the middle of their game last night, but Meri is holding joint first place in the tournament, having won his first two games. There are still eight days of the tournament to run.

## Eight years hard labour demanded for pilot Rust

MOSCOW (Reuters). — A Soviet prosecutor demanded yesterday a sentence of eight years in a strict-regime labour camp for Mathias Rust, the West German pilot who landed his light plane in central Moscow.

Prosecutor Vladimir Andreyev asked the Supreme Court to sentence Rust, 19, to eight years for violating international flight rules, four years for malicious hooliganism and two years for illegally crossing the border. Under Soviet practice, labour camp and prison sentences run concurrently.

"Although he is not yet 20, he understood that he was risking his own life and the life of others...I underline that the law is the law, in the Soviet Union as in West Germany," Andreyev said. "He is a hooligan."

The sentences requested by Andreyev in his final statement on the second day of the trial were near the maximum for each charge. This underlined the seriousness with which the Soviet authorities have viewed the case.

Andreyev said the young Ham-

burg pilot, who sat impassively throughout his speech, gave the impression that he believed he could land his plane wherever he wanted.

A strict-regime camp term is the second harshest of the four types of diet and working conditions in Soviet labour colonies.

Rust's parents, Karl-Heinz and Monika, and his brother Ingo, who were sitting in the wood-paneled courtroom, showed no obvious emotion when the prosecutor made his demands.

When Andreyev stopped speaking, Judge Robert Tikhomirov adjourned the proceedings until today, when the verdict and sentence will be announced.

Rust pleaded guilty to all three charges on Wednesday but said later he did not consider himself guilty of hooliganism because he had taken care not to endanger people when he landed his Cessna plane near Red Square on May 28.

Eight witnesses testified yesterday that they saw Rust approach Red Square and several said they believed his landing attempts had posed a threat. "Clearly it created a



Mathias Rust, standing in the dock, listens to Soviet defence lawyer Vsevolod Yakovlev, left, during the second day of his trial at Moscow's Supreme Court yesterday. (AFP)

great threat to people's safety," policeman Anatoly Buts said.

The prosecutor said Rust consciously broke Soviet laws by landing

near Red Square. "What is Red Square for a Russian person, for our multinational country? It is a sacred place for us," he declared.

## Hussein meets Mubarak

ALEXANDRIA (Reuters). — Jordan's King Hussein left for home after a three-hour meeting with President Hosni Mubarak yesterday to discuss heightened tension in the Gulf and its effect on regional security, an Egyptian official said.

A statement by Egypt's Information Minister Safwat Sharif afterwards made clear the two leaders were preoccupied with the escalating conflict in the Gulf where both Egypt and Jordan have thrown their weight behind Iraq in the war with Iran.

"The two leaders discussed the Iran-Iraq war and the effect of the war in the region," Sharif told newsmen.

Their talks also dealt with developments regarding the Palestinian problem, he added.

Asked if Hussein briefed Mubarak on the outcome of his talks on Tuesday with Syrian President Hafez al-Assad, Sharif said: "All different views about the developments in the region were discussed."

Hussein, in Damascus, was pursuing Jordan's efforts to mediate an end to a feud between Syria and Iraq which has dampened attempts to unify Arab ranks.

Both Jordan and Egypt are pressing for action by the UN Security Council to follow up its demand on July 20 for an immediate Gulf war ceasefire.

A Jordanian official said his government wanted to impress on Syria the dangers of the war spreading to other Arab states and of deeper superpower involvement in the Gulf, where the U.S. Navy has pledged to safeguard free navigation.

## Violence flares as worker killed in South Korea

SOUTH KOREA (AP). — About 13,000 striking workers at the country's largest shipyard yesterday occupied the Hyundai Heavy Industries Co. facility in the southern port of Ulsan.

After holding a vigil at the city sports stadium, the workers, armed with steel pipes and wooden clubs, tried to occupy a hotel owned by Hyundai near the shipyard.

But riot police firing tear gas drove the strikers back. The police also surrounded the hotel, where several foreign business executives were staying.

The shipyard workers also set fire to two cars and a bus and blocked the six-lane highway in front of the shipyard. "Raise our pay," the workers chanted.

The riots were started after the

workers staged a march to protest the death of a colleague who was killed when a van ploughed into a crowd of strikers on Wednesday night.

Meanwhile, authorities said that 105 striking coal miners had been arrested at Jungnam in the eastern part of the country after clashing with riot police. Police opened fire with tear gas to disperse strikers

who had occupied a coal mine.

As night fell, the strikers dispersed, vowing to return today and demonstrate every until management agrees to their demands for higher pay.

The striker was killed when he and hundreds of colleagues were guarding the area outside a stadium where more than 20,000 workers were staging an overnight sit-in.

## Czech jails violent, filthy, overcrowded, dissidents say

PRAGUE (AFP). — Filth, violence, sexual abuse and rights breaches prevail in Czechoslovakia's overcrowded jails where suicides are commonplace, according to a report issued here at the weekend by the Charter 77 dissident human rights group.

The 180-page report, drawn up by civil rights activists jailed during the past 10 years since the movement was founded, said there are more

than 45,000 prisoners in Czechoslovak jails.

It said the figure included nearly 5,000 political detainees and that the ratio of four prisoners per 1,000 population aged over 15 is among the highest in the world.

Former detainees say the country's jails are "dirty, dilapidated and overcrowded."

At Valdice in eastern Bohemia, a 17th century monastery has been

turned into a prison where 20 to 30 men are crammed into one cell. The cells are freezing in winter and airless in summer and measure from 20 to 50 square metres, the report said.

It said jail sanitation was deplorable at Minkovice prison in northern Bohemia, where there were five toilets for 180 prisoners.

The prisoners receive no medical attention. Tuberculosis is rampant as are skin diseases caused by toxic substances which the prisoners manipulate in the prison workshops.

Suicides are frequent as are cases of self-mutilation in which the prisoners cut themselves, drink poison or swallow metal objects.

The report quotes former prisoner Jiri Wolf as saying that in Valdice he saw "prisoners slit their veins and

drink their own blood."

Wolf said that at Minkovice, "two drunken warders used to open the doors of the cells and beat up the prisoners one after the other."

"They forced them to lick the toilet bowls with their tongues, pushing their heads down the toilets on the pretence that they were not clean enough."

The report said political prisoners were more likely to be persecuted by warders than common-law prisoners.

Playwright Vaclav Havel, who was detained in a labour camp at Hermanice in eastern Bohemia, said a guard used to threaten him saying, "Fitter would have gassed people like him" and that he regretted that Czechoslovak leader Gustav Husak "should have deprived him of that pleasure."

The report said homosexual relations accompanied by violence, prostitution and drug abuse were commonplace among prisoners, par-

ticularly among gypsies.

Food was also poor and insufficient. "In the morning all we got was a bowl of chowry and a piece of dry bread. Our dream was to get some fat to rub on the bread or some garlic which was more precious to us than money," wrote Eduard Vacek.

The prisoners also complained of censorship and of being deprived of contacts with the outside world.

Havel said that when writing to his wife, he had "no right to put inverted commas round words, to underline words or to use foreign expressions."

Political prisoners are isolated from other prisoners on such anniversary dates as August 21 — the day Soviet troops intervened in Czechoslovakia in 1968, the report said.

When a political detainee was visited by a member of his family, a guard stayed to take notes or to tape-record their conversation, it added.

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We are sure that, when it is shown that the Lavi project can be continued, not at the expense of other essential military needs, the Israel Defence Forces and the security industries will enthusiastically support the Lavi.

Accordingly, we have decided to set up a national information centre, which will draw up a practical programme for the continuation of the Lavi project, so that, with the help of national and institutional agencies, we can get the Lavi into the air.

Industrial organizations, institutions, private and public bodies, shapers of public opinion, newspapers, journalists and public personalities who believe, as we do, that, with the help of the people, enthusiastic for this project which should generate great national pride, the Lavi project can be completed without support from the national budget, are invited to contact the information centre, as a matter of urgency; phone numbers are given below.

Together we can form a nucleus that will make possible the completing of the Lavi on schedule, for the greater good of the Jewish people and the State of Israel.

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# Joint Israeli-Egyptian public health programme enjoying quiet success

By JUDY SIEGEL

Post Science and Health Reporter

Unnoticed by politicians on either side of the border, Israeli and Egyptian scientists recently renewed a joint research and public health programme which in the past five years has significantly reduced the incidence of tropical and infectious disease in the region.

Scientists at the Sanford Kuvim Centre for the Study of Infectious and Tropical Diseases at the Hebrew University-Hadassah Medical School in Jerusalem and at Ain Shams University in Cairo say they have become "blood brothers" since the joint project began. Today the Egypt-Israel project is the only regional cooperative health programme in the Middle East.

The Kuvim Centre, set up in 1976 by Dr. Sanford Kuvim, a world-renowned expert in infectious and tropical diseases, was visited on Wednesday for nearly three hours by U.S. Ambassador Thomas Pickering. The centre received \$7.1 million in research grants in the past five years from the U.S. Agency for International Development, with supervision by the National Institutes of Health. The ambassador, a former director of the State Department's Office of Science and Technology, showed "great familiarity" with high-technology scientific issues, according to Kuvim.

The Egyptians were eager to cooperate in the programme following a serious epidemic of Rift Valley Fever in 1979 that killed hundreds, and perhaps thousands, of Egyptians and felled millions of head of livestock.

The programme concentrated on this mosquito-borne disease, and on malaria (also carried by the mosquito) and leishmaniasis, a disfiguring and possibly fatal disease carried by the sandfly.

Together, the Ain Shams and Kuvim Centre scientists have published 33 articles on these diseases in medical journals around the world. Kevin told *The Jerusalem Post* in an interview yesterday.

Dr. Lee Schur of Jerusalem has been a visiting professor at Ain Shams University and Kuvim has conducted seminars in both Egypt and Israel.

Scientists on both sides of the border have conducted animal monitoring and vaccination programmes to ensure that herds are free of the diseases.

The Kuvim Centre developed a new test to detect malaria that is being used in Egypt and elsewhere. Ain Shams is now considered a "centre of excellence" in the study of these diseases because of the "cross-fertilization of ideas."

As a result, says Kuvim, morbidity from these diseases has fallen dramatically, and Egyptian and Israeli understanding of the disorders has increased. Now, with the renewal of the joint agreement, the scientists will also deal with filariasis, spotted fever and rickettsial diseases, which are found in the Middle East.

"It's been a complementary relationship, a family relationship with our Egyptian colleagues," says Kuvim, who gained recognition in 1962 for his discovery of the indirect fluorescent antibody blood test for malaria which has become standard.

"The Egyptians are bright and knowledgeable, and our work has been absolutely free of politics," he says. "This has been a window on Israel for the Egyptians and a window on Egypt for us."

Kuvim, who divides his time between Jerusalem — where he lives four months a year — and Palm Beach, Florida, visits Egypt four to six times a year. He said the Kuvim Centre is "ready, willing and able" to establish similar cooperative programmes with Jordan and any other country in the region to improve public health and fight tropical and infectious diseases.

Kuvim single-handedly raised the funds to build a research centre here after receiving the approval of the Hebrew University.

Recognizing two decades ago that open borders with Arab countries could lead to a health danger for Israel, and that "mosquitoes do not stop at the borders," he set up 19 laboratory modules.

The centre has a \$1.3 million endowment fund. Its staff of 45 includes five full-time Hebrew University professors.

There is no shortage of work, says Kuvim. Every year, 2.5 million people die of malaria, and two billion people are exposed to the disease. Over 200 million suffer from schistosomiasis, and some two million children in Africa alone die from diarrhoeal diseases. There are also 90 million cases of leishmaniasis.

The 1,000 Ethiopian immigrants who arrived here with malaria were successfully treated and thanks to "excellent public health measures" the disease did not spread.

# Government offer of public housing to new immigrants is a mixed bag

By CHARLES HOFFMAN

Jerusalem Post Reporter

The government has made it easier for new immigrants to qualify for subsidized rental flats in public housing projects, but many of the flats offered are in bad condition, undesirable neighbourhoods or areas where job prospects are poor.

Immigrant absorption centres run by the Jewish Agency Aliya Department have become clogged in recent years with large numbers of newcomers who say that they don't earn enough to afford monthly mortgage payments. Many of these people, most of whom are from Eastern Europe, have been in the centres for up to several years, even though the centres were originally intended to house newcomers for only six months.

The director-general of the Absorption Ministry, Meir Shamir, said that the government wants as many immigrants as possible to buy their own flats, but recognizes that

some families won't be able to afford it. The ministry estimates that about 25 per cent of the immigrants will need public housing. However, the director-general of the Aliya Department, David Levine, said that the number was considerably higher.

The government recently devised new criteria making it possible for low income immigrants who are not considered "social cases" to qualify for public housing at very low rents. For example, a couple with four or more children who earn less than the average gross income — NIS 1,400 a month — are eligible.

Shamir said that borderline cases would also be given consideration for low rent public housing. This could happen, he said, if a family's income is above the poverty line, but would be pushed below it if they had to assume monthly mortgage payments, which are at least NIS 200 a month.

The government is also offering

public housing at higher rents that are closer to market levels to immigrant families who settle in development towns or in certain housing projects in Haifa, Jerusalem, Petah Tikva, Hadera, Ashdod, Ashkelon, Netanya, Rishon LeZion and Pardes Hanna. Families who move into these flats can still qualify for a government mortgage if they decide to buy a flat later.

During the past year the ministry had about 1,000 public housing flats at its disposal, and allotted them to those immigrants who had been in the country the longest. Since most of these immigrants had already moved out of the absorption centres, this failed to break up the bottlenecks there.

Shamir said that the residents of the absorption centres were less willing than the others to take the public housing they were offered, because of the low rents they paid there.

Several months ago, the Aliya

Department and the government decided to make a concerted effort to get more immigrants out of the absorption centres. But poor coordination and planning stymied this initiative.

According to Levine, drastic rent increases in absorption centres were to go into effect at the same time as increases in immigrant mortgages. Furthermore, about 300 public housing flats were also to become available at that time. Thus immigrants suddenly faced with higher rents in absorption centres would find it easier to leave.

But rents in absorption centres were raised across the board before the mortgage increases were announced, and the public housing did not materialize as promised. Protests by centre residents, including a sit-in in the office of Aliya Department chairman Haim Aharon, forced the department to rescind the increases for certain categories of immigrants.

# Jurists: End tragedy of Ethiopian Jews

Jerusalem Post Reporter

A dramatic appeal on behalf of Ethiopian Jews was launched yesterday by the International Association of Jewish Lawyers and Jurists, which called upon the Ethiopian government to end the "ongoing human tragedy" of the separation of Jewish families.

The association, holding its seventh annual congress in Jerusalem, noted the "shared heritage of the Ethiopian and Jewish peoples, who see the family as the basic moral unit." It appealed to Ethiopian head of state Mengistu Haile-Mariam and his government to allow Ethiopian Jews living in Ethiopia to be reunited with their families living in Israel.

The congress was addressed yesterday by leaders of the local Ethiopian community and by

Canadian human rights activist Irwin Cotler, who has taken up the cause of the Ethiopian Jews.

Cotler told *The Jerusalem Post* yesterday that the appeal of the association coincides with an international appeal to the Ethiopian government signed by 15 Nobel laureates and distinguished human rights figures from all over the world, including some important third-world personalities.

Among those calling for the reunification of Ethiopian families are Amos Wako, secretary-general of the African Commission of Jurists, a leading African human rights lawyer and a member of the UN Human Rights Committee; Ram Jethmalani, the leading civil rights lawyer in India, who has already mobilized over 100 Indian

lawyers for the cause; Eli Wiesel, and other well-known figures.

Cotler, who has had meetings with both Prime Minister Yitzhak Shamir and Vice Premier Shimon Peres during his current trip, told *The Post* that the key date for Ethiopian Jews might come next week, when the Ethiopians launch their "New Beginning" on September 12. On that day, the Ethiopian nation is going to see a number of fundamental changes, including its name and the structure of its government.

In a personal letter he has written to the Ethiopian head of state, Cotler writes: "Such beginnings always carry with them the anticipation and excitement of new initiatives and accomplishments." He goes on to appeal "on humanitarian grounds for family reunification."

## 'An Israeli first in simultaneous live broadcasts'

# Army Radio's battle with emigration

By GREER FAY CASHMAN

Jerusalem Post Reporter

Absorption Minister Ya'akov Tsor and Labour and Social Affairs Minister Moshe Katsav rose well before dawn yesterday to participate in a live transatlantic broadcast that was the climax of 20 anti-emigration broadcasts initiated by Galiel Zahal, the Army Radio Station.

Throughout the month of August Galiel Zahal aired a series of programmes aimed at preventing emigration. "We wanted to do something really special to wind up the series," says Galiel Zahal chief Nahman Shai. "So we decided to operate a transatlantic open line between Tel Aviv and New York and Tel Aviv and Los Angeles."

According to Shai, this was Israel's first transatlantic live broadcast with simultaneous transmission on two continents. It went on the air in Israel at 4:30 a.m. to coincide with the evening, Hebrew-language radio programme *This is Israel* on WEVD in New York.

Tsor and Katsav were asked to answer telephone queries from the U.S. because in Shai's view, they are the two ministers closest to the problem. Technically, he says, the Absorption Ministry is responsible for encouraging expatriates to return home, but in actual fact it is the Ministry of Labour and Social Affairs which maintains an office in New York. Although the two ministers may not see eye to eye politically, adds Shai, they are united in

their determination to bring home Israelis living abroad.

In the broadcast, Tsor declared that he had no intention of giving up on any Israeli. Both he and Katsav took pains to avoid any pejorative classification of Israelis residing outside Israel. Sidestepping the word "yordim," they spoke of Israelis living abroad. Tsor said that there were 350,000 people in this category, according to the Central Bureau of Statistics. However, both he and Katsav denied that this included the recently published figure of 171 former high-ranking IDF officers. The figure was greatly exaggerated, they said. Their offices are in the process of tracking down the correct figure and are working with the IDF to check the files of officers who have left the regular army.

Dry statistics, notes Tsor, do not present a completely accurate picture. The 350,000 Israelis living abroad include people working in embassies, Jewish Agency emissaries and students.

One such student who has been studying for the past year in New York was among the people who phoned in. He suggested that before trying to lure emigrants back home, government agencies should concentrate more on preventive action. There is a very unhealthy phenomenon pervading the country, he said. Every time there is a crisis of some kind, as is the case now with the scrapping of the Lavi project, the workers affected threaten to leave

the country.

Another caller wanted to know whether cancelling of the Lavi project would also have a negative effect on aliyah. While not denigrating the significant role which the Lavi had played in the work force, Katsav emphasized that it was not the sole source of employment. For instance, he said, there are 500 vacancies for engineers in different parts of the country.

To a doctor who wanted to know about employment possibilities in the medical profession, Katsav said that anesthetists would be quickly snapped up. The doctor, a pathologist, was disinclined to work in any hospital outside the centre of the country because he thought that the training and know-how which he had gained in the U.S. would go to waste. Katsav countered that the doctor was misinformed about the standards of "peripheral" hospitals.

A man who identified himself as Avi from Queens said he has been living in New York for three years and is doing well as a car dealer. Now he wants to come home but first he wants to be sure that he can get an import licence for limousines. The only help that he received from Israel government representatives in New York were the addresses and phone numbers of the Ministries of Transport and Tourism. "I wanted to talk to someone," he complained. "I wanted someone who could give me information and answer my questions." Another caller had the

same complaint: it was all very well to have representatives, he said, but they had to be people who could supply answers.

Tsor's reaction to this was to pledge that he and Katsav would deal personally with the case of Avi from Queens. "Write to each of us," he urged. He couldn't promise that all the answers to Avi's questions would satisfy him — but he would get a reply to every query.

WEVD is a commercial station. During the commercial break in the programme, Galiel Zahal's Tzvi Shapira spoke to Eitan Ben Tsor, Israel's consul general in Los Angeles, who admitted that of late there is a feeling that more Israelis have come to take up residence there "but we can't prove it because not every Israeli comes to register at the consulate."

At the conclusion of the programme, the two ministers, though cognizant of the limitations of a one-hour broadcast, declared that they were pleased to have the opportunity to make personal contact with Israelis living abroad and that they would like to utilize such a channel again. Next time around, though, they would also want to hear from Israelis who have returned, not just those who are still thinking about returning.

All 20 programmes have been played twice on Galiel Zahal and have been recorded on cassettes which Shai intends to send to WEVD for future replays.



Above: Tat Aluf Ephraim Lapid, who heads the Army Spokesman's unit, receives the Yitzhak Sadah Army Literature Prize from Minister Haim Bar-Lev for the film 'Ricochets,' which was produced by the unit. Bar-Lev headed the panel of judges. At left Dudu Ben-Ze'ev appears in a scene from the film. (IDF Spokesman)

# IDF Spokesman gets its own unit tag

Jerusalem Post Reporter

For the first time since its inception in 1948, the IDF Spokesman's unit has received its own unit tag. The colourful design features the various branches of the media: radio, television, film and newspaper. Soldiers have already been issued

the tag, which has drawn a considerable amount of attention.

The tag will be worn on the left shoulder, and is set against a light blue background. So far, the tag has been warmly received by unit members. "We are a distinct group, and should be recognized as such," said

one soldier in the unit.

Soldiers in the unit previously donned the IDF General Staff's tag, consisting of a white leaf set against a black background. It was impossible to distinguish a soldier in the spokesman's unit from members of other IDF branches.

# LA Consulate: 475 Israelis went home last year

By TOM TUGEND

Jerusalem Post Correspondent

LOS ANGELES — The Consulate General of Israel has reported some successes in its year-long campaign to persuade Israelis living in Southern California to go back home.

In a letter to Prime Minister Yitzhak Shamir, released to local media, the consulate stated that with

its assistance, 475 Israelis packed up and went home between August 1986 and August 1987.

During the same period, 2,500 phone calls and 950 walk-in visitors inquiring about resettlement were processed, the consulate staff said.

The *Im Hapnatin Ha'baita* (Facing Home) campaign was launched by Consul-General Eitan Ben-tsor shortly after taking up his Los Angeles post. The professionally orchestrated drive includes mailings of thousands of letters and brightly coloured pamphlets urging Israelis to "return home, for your sake, for the sake of your children. There is no substitute for a home, no substitute for a homeland."

The emotional pitch has been buttressed by more concrete inducements, such as help in finding apartments, jobs, low home mortgage loans, public school tutoring for children and low-cost El Al tickets.

In the letter to Shamir, Consul for Returnees Moshe Elazar wrote that the calls and inquiries he received came from students who had received their degrees, young couples who wanted to see their children educated in Israel, parents worried

about possible intermarriage for their teenage children, older people looking toward retirement, and Israelis of all ages who had just not made it.

A major success of the campaign was a meeting, believed to be the first of its kind, between Shamir and more than a thousand "yordim," which turned into a fervent pep rally for Israel.

The biggest disappointment was the cancellation of a promised housing-and-job fair for potential returnees, an action which reversed much of the momentum created by the Shamir visit. The consulate reported that many Israelis weighing their future reacted to the cancellation by asking, in effect: "If you can't go through with this (the fair), what can you deliver on?"

Besides the intrinsic difficulty of persuading even a small portion of the estimated 80,000 Israelis in Los Angeles to go back, the campaign faces other problems, as well as considerable scepticism.

For one, the powerful Jewish Federation Council has embarked on its own drive to integrate resident Israelis into the general Jewish community to harness their energy and

financial contributions for the common good. Some unhappy Israeli officials have privately accused the federation president and leadership of working at cross purposes to the Israeli effort.

Strong doubt has also been voiced by some Israelis closest to the yordim community, who believe that little can be done to attract a substantial number of expatriates unless there is a change in basic conditions within Israel itself.

Dr. Lili Hodis, an Israeli psychotherapist who has counselled more than a thousand of her countrymen and women during her 14 years in Los Angeles, suggests that many returnees are people who can't adjust to either America or Israel and who will shuttle between the two countries for the rest of their lives.

Shimon Erem, a former officer in the Israel Defence Forces puts the blame on the overwhelming and over-bearing bureaucracy in Israel and many of its missions abroad. This "bureaucratic mess," he says, has all but stifled any large-scale return of Israelis, as well as the successful absorption of those who have made a serious effort to resettle in their homeland.

# Clemency list for Israel's 40th

By MENACHEM SHALEV

Jerusalem Post Reporter

Justice Minister Avraham Sharir has appointed a committee to recommend a list of prisoners whose sentences should be reduced on the occasion of the upcoming 40th anniversary of the state.

The committee, however, will have difficulty finding prisoners to evaluate because Sharir has severely limited the eligible population. It may not consider prisoners who have been sentenced to more than 10 years, who have previously served prison sentences, or who have already had their sentences reduced by a pardon committee.

In addition, prisoners who have been sentenced for any one of 19 offences are also ineligible for the 40th anniversary pardon. These include: offences against state security, robbery, burglary and illegal entry, receipt of stolen goods, aggravated fraud, extortion, vice, pimping, kidnapping, bribery, assault, drug offences, tax evasion, threats, obstruction of justice, unauthorized use of a motor vehicle and theft of agricultural produce and equipment.

The committee is expected to submit its recommendations by April 15, 1988.

# Angry parents break into local council head's office

By DAVID RUDGE

Jerusalem Post Reporter

HAIFA — Dozens of angry parents yesterday burst into the office of the Hatzor Hagilit local council chairman and chained themselves inside. They eventually left peacefully.

The parents charged that neither the council nor the Education Ministry had answered their demands for more funds to improve conditions and facilities in local schools.

Parents have kept their children

away from lessons since the start of the new term on Tuesday in protest against what they described as inadequate services.

Parents in Beit She'an have also kept their children away from the classrooms since Tuesday in protest over the lack of air-conditioners in the schools. The Education Ministry has stated that it does not have the funds for this, noting that schools in other hot places, like Tiberias, also have to do without air-conditioners.

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Haifa - Gephel, Tel. 04-354222  
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and Lotus Agency



# Fighting fit

Finance Minister Moshe Nissim leaves for Washington this week. On the eve of his departure he told *The Post's* Avi Temkin and Pinhas Landau he was completely at peace with his decision on the Lavi. The message Nissim intends taking with him is that in Israel, 'there is a favourable climate for economic progress.'

WHEN Finance Minister Moshe Nissim arrives in Washington next week, he will be making a bit of history. He will not come to the United States as a representative of a bankrupt country, as some of his predecessors did. Instead he will come to the American capital as the finance minister of one of the very few countries which have successfully introduced an economic stabilization plan in the past several years. Where countries such as Argentina and Brazil have failed, Israel has so far succeeded. From a crisis-ridden economy, sunk in stagnation, Israel has become a fast-growing success story.

But Nissim's sales pitch to the Americans will not be based solely on the fact that he is the man who has presided over such achievements for the past year and a half, but as the architect of the planned Israeli privatization drive and the force behind efforts to reform the tax system. On a more personal level, Nissim will come to the U.S. as the man who put his personal political career on the line by taking a firm position against the Lavi fighter project.

On the eve of his departure to the U.S., the finance minister told *The Jerusalem Post* that he was completely at peace with his decision on the Lavi. "I am not against the Lavi, but I am against the economic decline that would have ensued if the development of the fighter project had gone ahead," he said, stressing that by stopping the project, a large increase in the government deficit had been avoided. If the proposal to halt the Lavi would have been defeated, the result would have been higher taxes, higher interest rates and a return to high rates of inflation.

Why should that have been the case? If the Lavi project would have continued, the army would have demanded that the cabinet approve additional sums for the development of what it considers vital items. No cabinet would have been able to resist such a demand. That would have resulted in an increase of at least NIS 500 million in the deficit.

Nissim pointed to a small model of the Lavi plane to the left of his desk. "That will remain there as a souvenir," he says. He refused to comment on the consequences of his opposition to the Lavi for his own political future. "My responsibility as finance minister left me no other choice but to tell the truth about the Lavi. I could not allow myself to

start making calculations whether this would benefit or damage my political career," he says.

When Vice Premier Shimon Peres first brought him the proposal that was eventually approved by the cabinet, Nissim demanded it in written form. Then he went over it, word by word, as he had done when he and Defence Minister Yitzhak Rabin had drafted a previous motion on the scrapping of the Lavi.

Nissim introduced two major changes into Peres's formula. The original document drafted by Peres did not say that the development of the Lavi would be stopped. It referred only to the production. "I got Peres to write that the development and production of the Lavi would be stopped."

In addition, Nissim got Peres and Rabin to agree that the \$100 million to be added to the budget of Israel Aircraft Industries will come from the Defence Ministry budget, and that the ministry will not receive extra money for this purpose. Without these two changes, Peres's proposal would have been worthless.

THE DECISION to end the fighter project will make funds available for the development and production of several weapons and related systems which the army badly needs. In addition, the air force budget will go up, since it has fallen to a critically low level by the cuts in recent years. But nobody should expect that since the Lavi is dead, there will be a possibility of expanding current spending in the defence or the civilian ministries — about that, Nissim is definite.

There will be no spending to benefit specific groups. There will be no special orders made to save plants

such as Soltam, for whose products there is no demand, just because there are now more funds available.

"I was entrusted with control of economic policy, and therefore I must do my utmost to preserve economic stability and encourage economic growth," the minister said. He went on to list the key achievements of the Treasury's policies in the last months.

The rate of growth for 1987 is expected to be the highest since before the Yom Kippur War while inflation looks like ending up slightly lower than the 20 per cent level of 1986. Unemployment is steadily decreasing. Exports are rising faster than expected, and the balance of payments situation is favourable, despite the fact that this year the country will not receive the supplementary \$750 million aid from the U.S., as it did in 1985 and 1986, and despite the fact that the price of imported fuel has risen by 20 per cent.

Nissim refused to quote any specific figures on the expected rate of growth or pace of inflation. "I want to be careful, I don't want to make promises." He said that the public is not aware of the fact that it is much easier to drive inflation down from 400 per cent per annum to 20 per cent, than from 20 per cent to a lower figure.

Moving on to the wage talks, the minister said that he was willing to go on negotiating with the Histadrut on a new wage agreement for the public sector for as long as it takes. He insisted that the Treasury proposals would meet the needs of the lower income groups, and would preserve economic stability. "I am not against wage hikes where pro-

ductivity has gone up, but I will oppose any rises likely to trigger an inflationary spiral."

In the past, it was the Histadrut's willingness to collaborate with the Treasury that enabled Nissim to implement his plans. Thus, he says, January's 10 per cent devaluation of the shekel was "carefully planned." According to Nissim, he discussed the coming devaluation with Histadrut General-Secretary Yisrael Kessar for three months, and eventually got his agreement to forego part of the Cost-of-Living allowance due to workers.

Nissim said the results had been better than anticipated. While the Treasury had assumed that the devaluation alone would bring about a 6 per cent increase in the Consumer Price Index, inflation has been consistently lower than expected this year.

The Treasury has also enjoyed better-than-expected results from the partial tax reform implemented in April. Contrary to some fears, tax revenue has not dropped and the government deficit has not increased. Moreover, there are signs that the positive effects of the reform are already being felt. For the first time in many years, investment in fixed assets is going up.

BUT FOR Nissim, the important thing is the future. He says that he will visit New York to meet with leaders of the business community and present Israel's record. "I will tell them there is a favourable climate for economic progress with continued economic stability," he says. According to the minister, he will stress the fact that the economy is undergoing powerful changes. Corporation taxes are down, there is



less bureaucracy and a gradual rollback of currency controls.

In addition, he will be able to tell them that next week the privatization drive, one of Nissim's most cherished projects, is to take another step forward. Representatives of First Boston, the American invest-

ment bank appointed by the government to assist in its effort to sell government corporations, will arrive in Israel to finalize, with Treasury representatives, the framework of the privatization programme, and will start working on a detailed scheme on the ways to execute it.

From there he will go on to Washington to address the annual conference of the International Monetary Fund. The message will be the same, even if the emphasis varies from one audience to another: Israel, the former basket-case, is on the way back up.

## Nissim's painful analysis

David Landau

IF MOSHE NISSIM dreamed of rising even higher (or even staying comfortably where he is) once the unification of the Likud was complete, he can safely stop dreaming now.

Indeed, his sleep should be troubled by a Kafkaesque nightmare of being the most popular finance minister ever — yet being thrown onto the scrap-heap of Likud history, another politically extinct testament to an "ideological collec-

tivism" far crueler and more cynical than Mafam's ever was.

The hard men of Herut have put out a contract on Nissim. They rail and fulminate against Peres and Rabin; but there is a deathlike quality in their studied, contemptuous ignoring of Nissim.

In his own quiet way, he was an asset at election-time in the past, even before he achieved national prominence, and appreciation, at the Finance Ministry. In 1981 and again in 1984, he ran the Likud's nasty-but-clever publicity campaign together with Shamir's bright young

men. Now, suddenly, he has become a burden, a glitch in the evocative equation  $Lavi = Proud Patriotism = Likud$ .

[The bright young men, meanwhile, have been demonstrating the darker side of their characters this week as they silently scurried off the sinking anti-Lavi ship, leaving Nissim to drown alone.]

In the Likud's subconscious, Nissim's undoing probably began, not when he was laid out by the IAI workers this week in a mock coffin alongside Peres and Rabin (if that is the extent of their inventiveness and

originality, was the Lavi really such a good plane...?), but much earlier.

As a no-nonsense (i.e., no political *protektzia*) justice minister, and as a diligent and determined minister of finance, he has long been felt to some Herut quarters to be lying too close to the Labour leaders.

Shimon Peres's oft-repeated statement that Nissim was his "only pleasant surprise in the national unity government" hardly helped. And more recently, Rabin has been extolling the unfortunate Nissim, and thus providing more ammunition for the Herut executors.

IN *The Jerusalem Post's* conversation with Nissim this week, we journalists revelled savagely in his discomfort. We taunted him about the "support" he had received from his

prime minister and political leader. ["You won't believe this, but I simply don't think about such things."]

We goaded him into considering — hypothetically of course — whether he stood a better chance of winning the required 60 per cent vote in the Herut Central Committee today, or in the Labour Central Committee. ["The unification of the Likud has not yet taken place..."]

We even invited him to speculate — again purely as an intellectual exercise — on the prospects of a senior politician who crosses the lines. ["I won't answer that, because you mean me."]

That Labour needs him goes without saying. They have been casting about unsuccessfully, since the death of Yehoshua Rabinowitz, for a

credible "economist" to put into their top team. (In politics, "economist" means someone who has shown he can run the economy.)

Nissim is more popular than Sapir or Rabinowitz ever were, and he is also Sephardi and Orthodox, both useful qualities in desperately short supply on the Labour side.

Nissim's own so-called "party," the Liberal Party — even if it were to try to protect him from the wrath of Herut, which it won't — is clinically dead, and will decompose at the very latest four years after the Likud unification, when the validity of Herut's safe-seat pledges will expire.

Moreover, the political ethos evolving around the unity government has increasingly, perhaps inevitably, come to accept crossing the

lines as an untraumatic, not-to-be-deprecated practice. Yigael Hurvitz's dizzying zigzags hardly raise a murmur of criticism — from either side or from outside.

But Nissim is a man of conscience. That much even his detractors cannot deny.

He would have to be persuaded in his heart that the Lavi affair is not a one-time lapse of judgment on Likud's part, but is indeed, as Rabin and others have pointed out, a piece of a whole, a state of mind, a chimerical striving after the grandiose, the unrealistic, the self-defeating.

As a man of conscience, Nissim will not be able, once the dust has settled, to escape private, painful grappling with this analysis.

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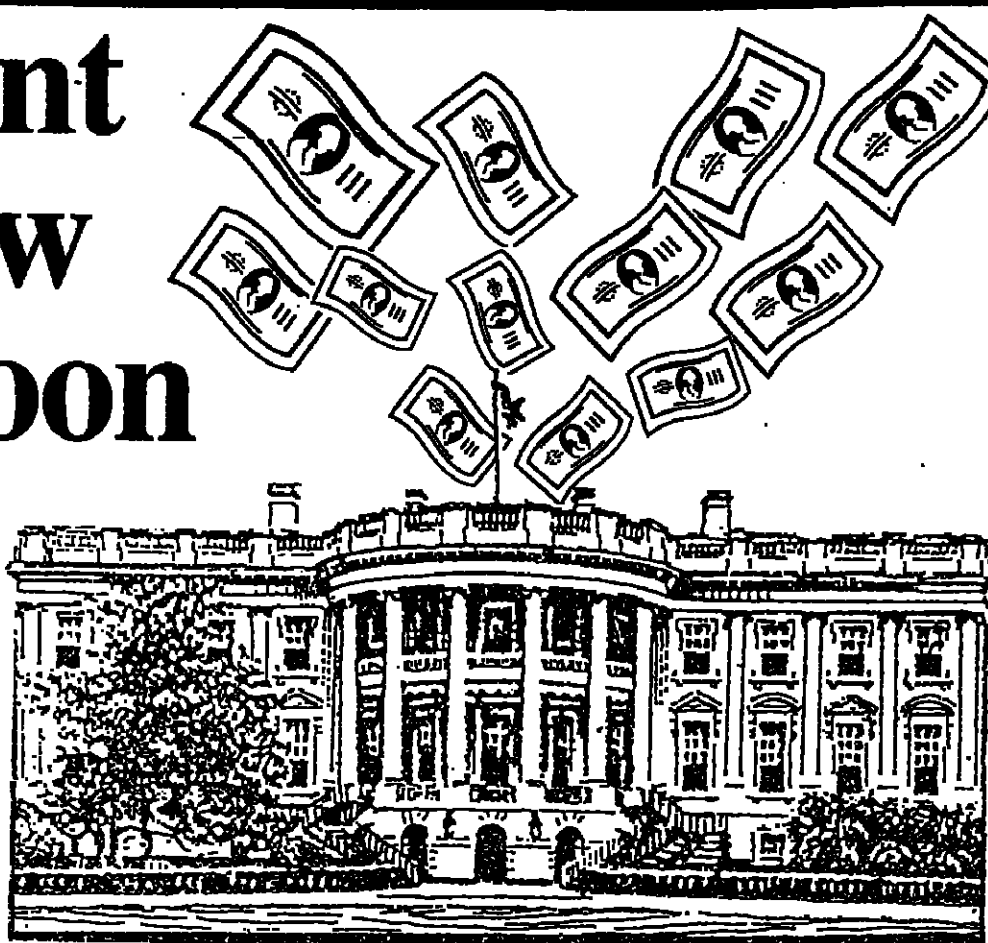
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# The extent of the new honeymoon

Senior U.S. officials have made no secret of their satisfaction following the decision here to scrap the Lavi. David Makovsky in Washington analyses the possible future benefits Israel will gain in return for its decision.



AT SIX A.M. this past Sunday, senior members of the Reagan administration were personally informed of the Israeli cabinet's decision to scrap the Lavi. Ever since, there has been a flurry of activity—primarily in the Pentagon—in giving U.S.-Israel military cooperation a major boost. The issue is how this U.S. goodwill is to be translated into substantive action.

The period of flux is expected to last at least another week. All that can be said as of now is that some things that are taken for granted in Israel are far from definite, but that a basket of benefits could be made available for Israel because of the favourable political climate in the higher reaches of the U.S. government.

Defence Secretary Caspar Weinberger wants to help Israel

through this difficult transition," a senior Pentagon official said this week, reflecting the concern that Israel not be disappointed with its decision to cancel the Lavi.

There are three broad categories of discussions in the Pentagon this week, informed sources say. The first relates to the actual decisions made by the cabinet, and the feeling is that there is some misperception in Israel about next-generation U.S. jets and Israel's role within that context.

The cabinet decision said the Israeli government will grant Israel Aircraft Industries \$100 million per annum for research and development on sustaining Lavi technology—primarily avionics. This technology, some Israeli officials have said, would be used on the co-produced F-16, a next-generation F-16 to be

called Agile Falcon, and the next-generation F-15, to be called the Advanced Tactical Fighter (ATF).

But the much-talked-about Agile Falcon is still more a dream than a reality. The concept has been under study at General Dynamics for the past three years. This July, it was submitted to the Air Force for R & D approval, when Weinberger requested that it examine options for updating existing aircraft. Informed sources say General Dynamics want to use Israeli talk about the Agile Falcon as leverage with the USAF to approve moving the plan from the drawing-board to production.

The Agile Falcon is designed to be more maneuverable than the current F-16, hence its name. Among other things it will have a more powerful engine and bigger wings, and will carry more weapons.

General Dynamics hopes that should the USAF approve the plan, it could start work on it in 1990, and deliver the first production model in 1995. The proposal calls for shared development and production by the U.S.-European consortium that participates in the current F-16 co-production programme—Belgium, Netherlands, Denmark, and Norway. The hope is that Israel will be involved as well, perhaps ultimately at the level of the European countries. But the entire idea of the Agile Falcon must remain an idea until Air Force Secretary Edward Aldridge approves the plan—and it is not certain that he will.

The ATF is no more a certainty for Israeli cooperation in the 1990s. Current U.S. rules forbid foreign involvement in this new-generation F-15 fighter, because of the highly-sensitive stealth technology involved.

Specifically, the stealth technology means greater ease in avoiding enemy radar. Israeli officials hope that as cooperation with the U.S. grows, there will be more of a possibility of being involved in the ATF, but at present it is only a hope.

The Israel cabinet adopted a decision to co-produce the current F-16C. Israel has already had 28 such aircraft delivered this year as part of its inventory, beyond the 75 earlier models of the aircraft it possesses.

The Pentagon alternatives plan presented in January 1987 to the Israel Defence Ministry allowed for co-production of the F-16, with IAI serving as prime contractor for the project, building the parts and integrating the avionics into the forward fuselage of the plane. General Dynamics gave formal approval to this plan, but there is talk that pressure will be needed to obtain its agreement to the plane's being built in Israel instead of in Fort Worth, Texas.

One of Israel's strongest suits is its advanced avionics, but according to the talk here, not all the new American money stimulated by the cabinet decision will go to R & D for avionics. It is also expected to be used for developing new air-to-air missiles, naval equipment, and artillery.

THERE IS Pentagon movement on areas not directly related to the cabinet decision, but connected to generating employment in Israel. "There is enormous dynamism now," said one knowledgeable source. "Never have so many 'big-ticket items' been on the table at once. This is the most exciting opportunity ever for U.S. procurement of Israeli military goods and services."

Four types of Israeli projects could benefit from U.S. satisfaction over the Lavi vote:

• The Arrow Anti-Tactical Ballistic

Missile (ATBM) is an Israeli defence against Syrian missiles that is considered to be only three years away from deployment. The U.S. has been interested in it for several reasons. Among these, it fits in with President Reagan's Strategic Defence Initiative (Star Wars), and the agreement the U.S. is about to conclude with the USSR covers intermediate and short-range missiles, but not tactical weapons with a range less than 300 miles.

The Arrow could be a missile defence for the U.S. in Europe for that category of weapons not to be covered by the accord expected to be reached between the superpowers this fall.

Informed sources say, "the ATBM is a major focus of attention in the Pentagon now."

• Israel has been limited in its ability to compete with NATO countries in bids for maintaining U.S. military equipment. But it now looks as if a Pentagon decision will be taken that will allow Israel to bid, and hopefully win an added \$100 million for operations and maintenance contracts.

• There is a variety of attractive classified contracts pending that could potentially dwarf all current levels of U.S.-Israel military cooperation. In 1983, Israel sold \$9m. worth of goods and services to the Pentagon. By 1986, the figure leaped to \$205m. Israel also sells some \$200m. worth of military goods and services to U.S. industry, besides the Pentagon, in areas other than the Lavi.

• A final potential area that could generate jobs in Israel is a programme not related to the Pentagon, but connected to the U.S. Department of Transportation (DOT). Under current regulations, Israel is only certified to overhaul the engines of international flights of commercial aircraft. One U.S. corporation wants to sign a \$100m. contract with Bedek, an IAI subsidiary, for Israel to overhaul U.S. domestic-flight engines as well. There is a possibility that the regulation will be rewritten so as to assist Israel.

THE LAST BROAD area being discussed by the Pentagon is that of technology transfer.

There is tension within the Reagan administration on this sensitive issue. One hand, Reagan and his top aides assure Israel publicly that the U.S. will always ensure its "qualitative edge over its potential adversaries." At the same time, the U.S. has denied Israel technology for many reasons. One relates to a suspension—never lifted—of certain technologies as a result of Israel's invasion of Lebanon. A second relates to a general U.S. tightening of procedures because of the fear that it might wind up in Soviet hands. A third reason relates to the Pollard affair.

"Israel is denied technology, access in a number of areas, which grow as classes of technology spreads its tentacles," a military analyst said.

Informed sources are hopeful that, as a result of the Lavi decision, some of these restrictions will be lifted.

The full extent of the new "honeymoon" will only be known in a few weeks, when the first U.S. response to the Lavi vote becomes crystallized and formalized.

There is something that could impair this Israel-Pentagon good feeling. Within the next couple of weeks it will become clear whether President Reagan decides to sell F-15 aircraft and Maverick missiles to Saudi Arabia in a rumoured \$1 billion arms package.

Reagan may press ahead with this, as he is being encouraged to do by many quarters of the administration including the Pentagon. The latter has claimed that the Saudis need some of the weapons to assist the U.S. presence in the Persian Gulf.

Meanwhile, the indications are that this has been a good week for Israel in Washington. The Lavi vote in the cabinet has removed a festering wound in the ties between the two countries, and it now remains to be seen if it will continue to provide the impetus and momentum to set a myriad of issues on a sound path.



Angry IAI workers outside Prime Minister Yitzhak Shamir's house.

## Nothing to lose

Jeff Black

"WE DON'T have anything to lose in this case. Even if we don't manage to change the cabinet's decision on the Lavi, at least we know we've done enough so that our children can't complain we didn't make the effort," says one of the leaders of Israel Aircraft Industries action headquarters.

Hezi (he asked that his last name not be used) says the border between legal and illegal actions has become blurred since last Sunday's decision. "Although the decision was legitimate and democratic, it does not have a moral majority within the cabinet or the country as a whole," he claims. Ministers voting solely on party lines, he says, do not have the right to settle the fate of the hundreds of thousands of people connected to the Lavi.

The aim of the workers' campaign which included blocking the main Jerusalem-Tel Aviv highway and Ben-Gurion Airport, is not to lead to confrontations with the general public or the police according to Hezi, despite the clashes which took place on Tuesday.

"We are asking that the public understand our campaign. We are talking about the livelihood of hundreds of families and the importance of modern technology. We have the feeling that the Lavi which was built to fight Arab armies has fallen in a Jewish war."

IN THIS "war," the major enemy of the IAI workers is without doubt the Labour Party. Favourable sites for demonstrations are the party's headquarters and the Histadrut building in Tel Aviv. Histadrut leaders are particularly angered by this as the labour federation's secretary-general Yisrael Kessar has been an outspoken supporter of the Lavi. This fact was belatedly recognized by the workers' staff committee secretary Ya'acov Shefi who publicly apologized earlier this week for the rough treatment meted out to Kessar when he visited the IAI headquarters on Monday.

Vice Premier Shimon Peres, on the other hand, provides a central target for the workers' anger. At road blocks around the country, the call of "Peres, resign" has rallied the demonstrators as they then describe, in graphic detail, what they would like to do to him.

As workers closed the Jerusalem-Tel Aviv highway on Monday, dropping down tires onto the road from the Ben Shimon bridge to replace the first load of tires already burnt, Ovadia Hadar, a representative of the workers' council, explained the feelings behind the action.

"What you're seeing is the anger of people who have worked for eight years on the Lavi, including night-shifts, Shabbat and festivals, protesting the fact that 12 people (the cabinet ministers who voted against continuing the Lavi) have no understanding of the importance of the Lavi, not just to the IAI but also for the country as a whole."

An engineer at the demonstration who refused to give his name, complained that the government of this country could not be trusted. New standards of behaviour have been established, he said, and action like roadblocks were the only way of getting a message across to those in power.

"My own personal story will explain my bitterness. Four years ago, when I was living in the United States, they persuaded me to return here saying there was a new long-term project. It's impossible to believe in this country," he said.

The campaign is currently being organized by a team of less than 10 people, divided into three separate committees coordinating action, reactions and information. Compared to the atmosphere at the actual demonstrations, the campaign headquarters at the workers' building at Ben-Gurion is the eye of the storm.

THE OVERWHELMING impression is one of military efficiency. Orders to the workers on the spot are delivered via two-way radios. At the beginning of the week, when the workers were intent on preserving the surprise element of their actions, demonstrators would board buses and receive notice of their final destination while en route. People are only informed of decisions on "a need-to-know basis" says Hezi. "We have the feeling that the police know what we're doing by tapping phones, listening into our radio network and so we want to keep things as secret as possible." He emphasized that providing the police had received the necessary authorization, their action is perfectly legitimate.

The campaign, according to Hezi, can only run for another week at the most because after that there will be no hope for the Lavi. He points out that the American firms connected to the project are already closing down their operations and the point of no return will soon be reached. "Therefore the campaign has to be very aggressive to succeed," he said. Hezi maintains that the Americans pressured the cabinet to scrap the Lavi because of its quality which, he says, threatens U.S. products. Hezi fears that IAI engineers who have worked on the Lavi project will go to America to work on the ATF (Advanced Tactical Fighter) which then might be sold in another 20-30 years to Saudi Arabia.

The ultimate goal of the campaign is to force another cabinet meeting on the Lavi which will reverse this week's decision. The question of whether this is a realistic aim does not trouble the action headquarters. As far as they are concerned they are fighting for their livelihoods and Israel's technological strength. When you're up against the wall, says Hezi, you will do whatever is in your power to try and change things.

"We're asking for the public's understanding and acceptance. This is the first time in 35 years we've taken to the streets and I hope it will be the last," Hezi concludes.

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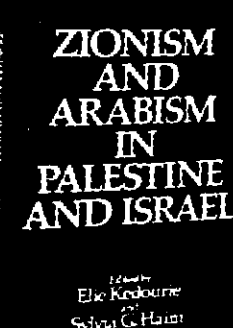
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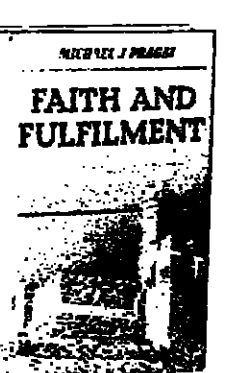
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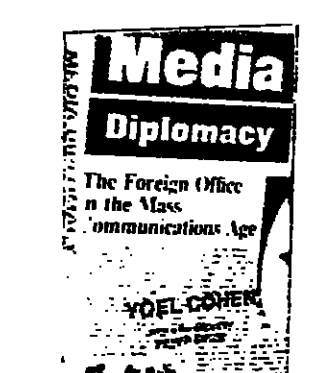
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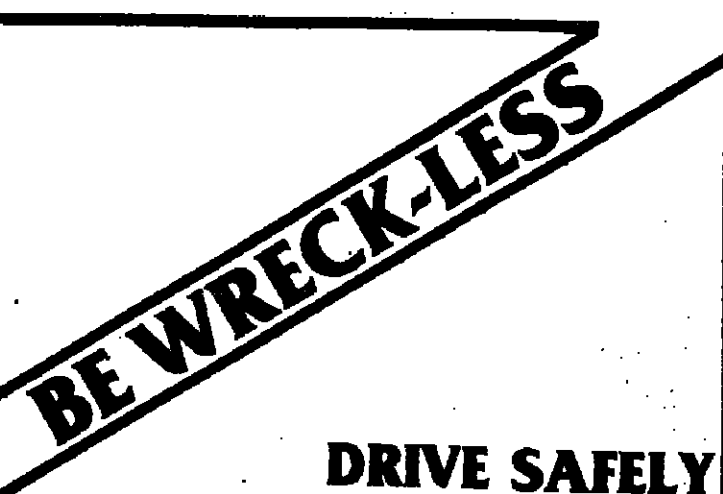
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# Advance at Castel Gondolfo

Lisa Palmieri-Billig/Rome

VATICAN-JEWISH relations are composed of many nuances that translate as positive or negative developments only when placed in their historical context. Thus, the visit of a pope to a Rome synagogue on April 3, 1986 or a genuine "face-to-face" conversation with a pope at Castel Gondolfo on September 1, 1987, become "historic events" simply because they have never happened before in over 1,000 years of history.

Only if one remembers that the destiny of Jewish communities for a millennium depended on whether the temperament of the spiritual and temporal head of a church-state was enlightened or despotic, can one appreciate that the decision made this week by the Curia to permit its secretary of state, Cardinal Agostino Casaroli, to meet periodically with representatives of world Jewry on issues of political concern is an enormous advance.

And the promise of an official document on the Holocaust and the historical roots of anti-Semitism, written in collaboration with Jewish

scholars, is potentially the greatest, most revolutionary step forward in Catholic-Jewish relations since the promulgation of *Nostra Aetate*, No. 4, in October, 1965 repudiated the teaching of collective Jewish responsibility for the crucifixion of Jesus and opened a new era in inter-religious relations.

The Jewish leaders who proposed that such a document be formulated were well aware that a joint study on the seeds of anti-Semitism that culminated in our lifetimes in the Holocaust, will of necessity lead the Catholic Church to discover and face what is still mostly only a subconscious knowledge of the role it played in Jewish suffering throughout the ages. It will offer a unique opportunity to clear up conflicting visions of the past and create a bulwark against historical revisionism.

At Tuesday's Vatican press conference, Father Pierre Duprey, vice-president of the Holy See's Commission for Religious Relations with Jews, predicted that the document could be written after this coming December's meeting in Washington

Pope John Paul II greets Rabbi Mordechai Waxman (centre) and Gilbert Klapperman before this week's "historic event."

of the international liaison committee (Vatican experts plus representatives of the International Jewish Committee for Inter-Religious Consultations, known as IJIC) on: "The Shoah: its significance from a historical and religious perspective."

Perhaps Father Duprey was being a bit too optimistic. It is quite likely that it will take much more than "putting together the papers and the holy father's many statements on the universal significance of the Shoah" to agree that all that must be said on the Holocaust and anti-Semitism will really have been said, and in a way that finds consensus among Catholic and Jewish scholars.

But what does the average Jew feel about the encounters that took place this week, and the rather enthusiastic reports of the contacts of the nine IJIC leaders with Vatican officials and Pope John Paul II? After all, nothing obviously spectacular happened in terms of the fantasies of Jewish expectations. The Vatican has not suddenly decided to bestow diplomatic recognition on Israel, nor has it apologized

for having received Kurt Waldheim with State honours.

The IJIC delegation made a decision that will call for arduous explanations when they return to their home communities. As Rabbi Gilbert Klapperman, president of the Synagogue Council of America said in reference to Waldheim's reception by the Vatican, "We have agreed to disagree, agreeably."

Each side stands firm in its original position, even after having spent hours explaining, and listening to one another.

The Catholic delegation still feels there were "serious reasons" behind the Holy See's decision to receive Waldheim. These include the fact that Waldheim was "freely elected as president of a democratic nation."

The IJIC delegation dismissed "the Waldheim affair" as just "another moment in the many moments of our history. We must move forward, as Rabbi Klapperman said."

But "moving forward," for the Jewish world, also means closing the Waldheim case with dignity, and with a sense that something positive

was accomplished after all. The Jewish delegation feels it has done this above all by integrating the Waldheim issue into the much more eternally significant "context of the discussion on the moral implications of the Holocaust."

INSTEAD OF AN impossible admission by the Vatican that it was a mistake to have received Waldheim, the Jewish delegation got a new mechanism for dealing with Catholic-Jewish emergencies—a line of communication with the Vatican secretary of state.

"With this, hopefully, we will not go into crises with the Catholic Church every five or six months anymore," said Dr. Gerhardt Riegner, the "dean" of Vatican-Jewish relations, who has devoted the greater part of his life to developing the semantics of communications between these two worlds.

The Jewish leaders did receive the promise of the Holocaust document, whose significance for educating Catholics to an understanding of the Jewish sensibility will be known with the passage of time.

On the other hand, there was no real step towards diplomatic recognition of Israel. But there never is at such meetings. Nonetheless, some statements in the joint press communiqué are of importance.

For example: "Representatives of the Holy See declared that there exist no theological reasons in Catholic doctrine that would inhibit such relations," and "the pope welcomed the Jewish delegation as representatives of the Jewish people, to whom the existence of Israel is central."

Dr. Geoffrey Wigoder, who represented the Israel Interfaith Committee at the two-day meetings said: "The Israel issue figured very prominently throughout all the conversations, and all the delegates stressed that despite all the progress made, Catholic-Jewish relations would remain incomplete without this keystone of diplomatic recognition... It was put to the Vatican that it had a moral duty on this score."

The statement on the absence of theological impediments to recognition, Wigoder explained, "referred back to ancient Catholic doctrine that Jews had to be exiled from their own land because of their failure to recognize Jesus."

ALTHOUGH THIS statement of Catholic theological updating on Israel may offer reassurance to people who have not followed Vatican declarations closely, it has been clear for several decades now that the Vatican's only points of reference for diplomatic recognition are related to "the serious and unresolved problems in the area" (in the press communiqué's terms).

These are: establishing permanent frontiers, a guaranteed "homeland" for the Palestinian people; international guarantees for the city of Jerusalem; and last but not least, the Vatican's concern for the safety of Christians in Arab lands.

Moreover, the Vatican has made it known through diplomatic channels that if Israel and its neighbours succeeded in drawing up a peace treaty, or perhaps came closer to one through an international peace conference, Vatican recognition would follow.

Yet despite the general feeling of achievement by the Jewish delegates in Rome, they knew that, inevitably, there would still be some Jewish leaders who would not change their minds about boycotting the meeting with the pope of 200 leading American Jews, scheduled to take place in Miami on September 11.

Israel Singer is one of these. In spite of the fact that he and Dr. Gerhardt Riegner represent the same organization (the World Jewish Congress), the Jewish world-structures remain profoundly open to individual differences.

Mr. Singer explained the reasons for his intention not to go to Miami to an Italian national newspaper the day the Jewish delegation left Rome. There will be other Jewish people who will follow his example.

However, there is a common denominator to all Jewish visits to the pope. No matter how divided beforehand, suddenly they fall into line when the awareness surfaces that they are "now representing the Jewish people" (as each Jew always does, everywhere, willingly or not). And even the most principled delegates, with the most objective historical memories, inevitably emerge from papal encounters—as this delegation did—profoundly moved by the man and by the event itself. The difficulty then lies in applying this deep sense of goodwill to the many other, less poignant, less momentous and infinitely more difficult moments of Catholic-Jewish relations, to make sure they continue moving forward fast enough to keep from falling behind the times.

## Journalistic responsibility

Menachem Shalev interviews the *Sunday Times* reporter Peter Hounam 'who brought Mordechai Vanunu out of Australia and onto the front page of his paper.'

PETER HOUNAM, a senior investigating reporter for the Insight Team of the London *Sunday Times*, is no longer just another journalist out for a good story. The man who brought Mordechai Vanunu out of Australia and onto the front page of his paper's edition of *Sunday Times*, October 5, 1986 has crossed the fine line dividing the medium from the message. Hounam is now both.

"He has become part of my life," Hounam said in an interview this week. "Until he walks out of jail I will continue to feel responsible."

When Vanunu's trial resumes in about a month's time, Hounam will become the envy of all the reporters who have been spending their mornings picking up morsels of information outside the boarded-up Jerusalem District Courtroom where Vanunu is being tried in camera. Hounam will be allowed to enter the court, where he will take the stand to testify on Vanunu's behalf.

Hounam hopes to strengthen Vanunu's claim that he is not a traitor, that he did not act out of greed or because he wanted to damage state security. Hounam wishes to impress this point upon the public at large as well, and has therefore allowed himself to be photographed and interviewed at length.

"He was prepared to give the information without getting any money," Hounam says emphatically, recalling the first meeting between the two which took place last summer in a room in the Hilton hotel in Sydney, Australia. Vanunu was literally shaking from fright during the first minutes of that meeting, Hounam says. "He wasn't really sure that I wasn't from the Mossad or the Shin Bet."

Vanunu calmed down after a while, but continued to ask Hounam whether his story on the innards of the Dimona Nuclear Research Centre could be run without mentioning his name. Hounam said no. "I told him that no one would be interested. This was his own personal story, and no one would believe it otherwise. I also thought that it was better that he not be anonymous lest some secret service grab and whisk him away, without anyone ever knowing about it."

Hounam believes that when Vanunu came to Australia at the beginning of 1986, his ideas on the odious nature of nuclear weapons and what this demanded from him personally were not yet fixed. In Israel, says Hounam, nuclear weapons are a non-issue and Vanunu had no one on whom he could "bounce off" his ideas.

But in Australia, which produces

large quantities of uranium and which for years has been situated perilously close to the French atom bomb experiments in the South Pacific, nuclear weapons are a hot item. Vanunu joined the nuclear weapons discussion group which was held in the Anglican church near his apartment. One day he told the group where he came from and what he knew. He spoke of his dilemma whether to tell the world what he had told the Anglican churchgoers.

Hounam, who has a degree in physics, was chosen by *The Sunday Times* to check out a story presented to the paper by an offbeat Colombian journalist, Oscar Guerrero, whom Hounam now describes as being "irrational" and "off his rocker." Guerrero had been busy painting Vanunu's Anglican church at the instruction of the Australian authorities who believed that he should contribute to society along with his colleagues on the dole.

Guerrero heard of Vanunu's claims to the church nuclear discussion group and seized upon the opportunity as one who has retrieved a lost treasure. He solved Vanunu's dilemma and eventually showed *The Sunday Times* seven or eight of the photographs taken by Vanunu inside Dimona, which British experts said could not have been taken in an ordinary laboratory. Vanunu also had in his possession two whole rolls of colour film, one developed into photographs and one of colour transparencies.

Hounam, Vanunu and Guerrero closed the curtains of the Hilton hotel room and placed the roll of transparencies on a projector. Hounam saw picture after picture of dials, controls, so-called flow panels and other gadgets which showed what Hounam deduced to be the plutonium processing phase in Dimona. He had a "gut feeling" from the start that Vanunu was "genuine," he says. "I knew we had a big story."

BUT HE spent 13 more days in Sydney, extracting information from Vanunu about his work and his life, taking his photograph on the sly and transmitting the details back to London for further clarification. When not with Vanunu, Hounam spent hours in the Sydney public library and underwent a crash course in nuclear physics and the process of producing atomic bombs.

"There were people at the London office who didn't believe Vanunu," Hounam says. "We had to make sure that he wasn't a hoaxer." "There were three major questions to verify," he continued. First,

was the man talking to Hounam actually Mordechai Vanunu and did such a man work at Dimona. Second, were the processes depicted in the photographs and described by Vanunu technically accurate. And third, were these processes being carried out at Dimona.

Vanunu had taken some exterior shots of Dimona which seemed to fit in with what *The Sunday Times* knew of the installation. The information in London was shown to British government officials "on a confidential basis" without them being told the country involved. The British weapons experts told *The Sunday Times* that the information appeared genuine. After 13 days Hounam and Vanunu flew off to London to talk to Professor Frank Barnaby, a British nuclear expert.

"Another one of the extraordinary things about the Vanunu case, which we know to be a fact, is that four or five days before we flew to London, the Shin Bet knew that Vanunu was in Australia and that he was talking to us," Hounam says. He doesn't know whether this points to the veracity of the "plot theory"—speculation that Vanunu was a Mossad agent and that *The Sunday Times* had been set up by wily Israeli agents—or, on the contrary, points to amazing Israeli incompetence. "It's probably a mixture of both. I can imagine that if the Shin Bet had asked the security officers at Dimona who this Vanunu was they would have been told that he was just a lowly technician and really didn't know very much."

In London, *The Sunday Times* graphic artists got to work on the "exploding diagram" of the so-called Machon 2 at Dimona and continued to verify other details of Vanunu's story. Vanunu was growing impatient and continued to ask Hounam why the story was not being published. "But we were printing three pages," says Hounam "and you don't go to print straightaway. We had five people working on the story, and Vanunu knew that we had to do a proper job."

Guerrero, meanwhile, who had in his possession a letter signed by Hounam promising him a \$25,000 reward for his efforts, was also growing impatient. He showed up in London and proceeded to give a half-cooked version of Vanunu's findings to the *Sunday Times Mirror*, which Hounam describes as a "down-market popular tabloid." Hounam was livid at Guerrero's interference, but he says that the Colombian completely underestimated the *Sunday Mirror*. "Whatever they are, they are not idiots. They did a



Asher Vanunu, Mordechai's brother, with the bearded 'Sunday Times' reporter Peter Hounam. (Isaac Harari)

professional job on Guerrero, exposing him for the crook he is."

AT THIS POINT, Israel conveniently provided *The Sunday Times* with what Hounam smilingly describes as "your extraordinary system of confirmation"—censorship. Then prime minister Shimon Peres convened the Editors Committee and told them of the impending revelations. *The Sunday Times* now had all it needed to go ahead with the story. Hounam explains: "Whenever a journalist here is getting close to an accurate story, someone from the censorship calls him to confirm by telling the reporter to stay away from the story."

The *Sunday Mirror* story unnerved Vanunu. He called Hounam to say that he was leaving the city for few days, but refused to say where.

Hounam flew to the U.S. to show Vanunu's revelations to American nuclear weapons designer Ted Taylor, who was convinced that they were genuine. When he returned, Vanunu was gone.

Hounam will never forgive Vanunu for leaving England on September 30, a decision he describes as "idiotic" and a "terrible error of judgement which Vanunu will regret for the rest of his life." Hounam readily admits that *The Sunday Times* has a "great moral responsibility" for Vanunu's fate, but he repeatedly cites Vanunu's rash decision to follow the fabled Cindy out of England as tempering the scope of the expressed responsibility.

During the next few days Hounam and another acquaintance of Vanunu received "funny phone calls" which sounded as if they came

from abroad. But no one spoke. This is one riddle which Hounam has yet to crack.

Vanunu's disappearance deprived *The Sunday Times* of a major asset: the follow-up. The London paper had planned to give Vanunu maximum exposure on television, radio and in other papers following its October 5 revelations. They had even entertained hopes that Vanunu might be asked to testify before a select committee of the U.S. Senate.

A high level conference of *Sunday Times* editors then convened and decided to go ahead with the story in any case. The die was cast.

ONE OF the most closely guarded secrets concerning Vanunu is the financial assistance which *The Sunday Times* is providing for his legal defence. Hounam is reticent on the matter, but does point out that his paper has conducted wide-ranging research to assist Vanunu's lawyer, Avigdor Feldman, research which would usually "fall on the lawyers."

*The Sunday Times* also commissioned Feldman to represent it in asking the Jerusalem Court to open up the Vanunu hearings. At this time, it is not in Vanunu's interests to be shown making financial gains from his revelations. Some observers would not be surprised to find that Feldman is charging, and *The Sunday Times* paying, an exorbitant fee for its relatively limited legal needs.

Vanunu's brother Asher has been complaining about *The Sunday Times*'s reluctance to participate in Vanunu's legal costs. Hounam carefully states that "it is natural for the family to maintain pressure so that we will provide the maximum financial assistance."

"We can't compensate Vanunu for a jail sentence anyway," Hounam says. "All we can do is assist his defence in any way we can."

*The Sunday Times* has stopped researching Dimona and is now centring on revealing more details about Vanunu's alleged abduction to Israel. Hounam believes that if details of what he terms "the hijacking" had not come to light, Vanunu would have been brought to trial secretly. "My job," he says, "is to bring more facts out so that it can't be ignored."

Hounam is here for that purpose, as well as to cover the trial and serve as unofficial representative of his paper. He admits that his being allowed to work freely is a tribute to Israel's democratic practices, although he also says that any attempt to restrict his efforts would only provide further embarrassment to the authorities.

Hounam will eventually go on to work on other stories on other subjects, in far-off countries. He will no longer write about Mordechai Vanunu. But Vanunu will never completely leave his mind. At least, not until the day he walks out of jail.

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# Display of courage

Not all Israel's politicians are demagogues. Arye Naor points out that, despite Prime Minister Yitzhak Shamir's refusal to resign after the Lavi vote went against him, there are some cabinet ministers who have the courage to follow their convictions.

WEEK AFTER WEEK, the unique government of Israel breaks the world record in disfunctioning, won by it only one week earlier. From time to time it seems as if the last record must be unbreakable, but only one week has passed until that assumption is proven false and a new theoretically unchallengeable record is established.

Nevertheless, the new record achieved this week by Prime Minister Shamir is really very special, and it is safe to assume that such a personal record will not be broken soon and easily. Mr. Shamir is the first prime minister in world history to have admitted publicly that, under his chairmanship, the cabinet had made a decision harmful to the country, and yet not resign.

This unprecedented prime ministerial statement was made to the leaders of the Israel Aircraft Industry workers, who came to his office to protest against the cabinet's decision. But the premier did not explain either the reasons for the decision on the Lavi project or the policy of developing sophisticated war equipment asked for by the IDF General Staff. Instead, he said that the decision to cancel the project was harmful to the worried workers, to the aircraft industry, and to the country itself.

Such behaviour is contrary to the constitutional concept, that a prime minister should shoulder more responsibility than the equals among whom he is considered the first.

It is commonly acknowledged that a minister bears responsibility even for decisions that he objected to, unless he resigns from the cabinet. The cabinet as a whole is considered Israel's executive branch of government. It acts as a whole and decides as a whole, in accordance with the British tradition. In that tradition, based on long experience, there is no escape from responsibility but to resign.

The reason is very clear: the cabinet is not a parliamentary committee, but an executive board with a collective task: to administer the country. Therefore it cannot function properly unless it adheres to the concept of collective responsibility—all for one, and one for all.

A cabinet minister should therefore draw the appropriate personal conclusions arising from the fact that he disagrees with the policy in which he is considered a partner. He should resign once he comes to the conclusion that a cabinet's decision was harmful. Indeed, it is his moral obligation. But it is inconceivable that a cabinet member should describe its decisions as harmful to the country and nevertheless retain his powerful position.

WHAT IS SAID about a cabinet member is even more compelling with regard to the prime minister himself.

It is true that Yitzhak Shamir did not institute governmental disfunctioning. He could not compete with Ariel Sharon on "the defects revealed with regard to the manner in which he discharged the duties of his office"—to quote the Kahane Commission's final report.

Taking intentions and results into consideration, nothing can compare with the manner in which Sharon

discharged the duties of his office in the Lebanon war of deceit. It went far beyond disfunctioning, to spheres of dangerous immorality—falsifying and conspiracy, fantasy and intrigue. And even as a member of the present government, Sharon went beyond the limit by accusing then prime minister Shimon Peres of being "objectively" responsible for the massacre of the Sabra and Shatila refugees.

But as far as the activity of a prime minister is concerned, Shamir's attack on his own cabinet is unique, and perhaps marks a new phase in government—a prime minister has no confidence in his cabinet but continues in office. No prime minister ever disfunctioned to that extent.

This application of the concept of responsibility differs substantially from the meaning given to it by Menachem Begin. It also differs from that of Moshe Arens, whose honest approach leads him to resign since he does not want to share responsibility for the no-Lavi policy.

Arens rejected Menachem Begin's proposal that he join his cabinet as defence minister as early as 1980, following the resignation of Ezer Weizman, on the ground that he, Arens, disagreed with Begin on the withdrawal from the Sinai peninsula and that it was improper for a minister to disagree with the cabinet he has joined. Only after the completion of the withdrawal and under new, completely different conditions, did he accept the post when Sharon had to leave the Defence Ministry in 1983.

When he told his colleagues of his intention to resign because of the dropping of the Lavi, no one should have been surprised. Arens is really dedicated to the principles of proper democratic government. He is too honest to remain in a cabinet with which he disagrees on a major issue.

ARENS HAS DISPLAYED civic courage—a quality unfortunately very rare on our political scene.

In the process of determining the future of the Lavi, four ministers displayed civic courage—Arens, by sticking to his position to the end, the other three by changing their opinions in a long, painful process. They are Moshe Nissim, Yitzhak Rabin and Shimon Peres.

Finance Minister Nissim now symbolizes the hope for a rationalization of the Likud's decision-making process. In the beginning he supported the Lavi, like almost everyone. But when he entered the Treasury and found out how empty it was, and how shaky the economic situation was and still is, Nissim was not afraid to reassess policies so that they might correspond with reality.

It is very painful to discover that our power is, in essence, borrowed. Technologically, Israel can produce sophisticated aircraft, but without U.S. assistance, both in financing the project and in the use of American technologies, our capability remains theoretical. Most Israelis are not ready to recognize that unpleasant truth, and because of their political mentality, Likud activists are less ready than their Labour counterparts to accept that fact of national life.

But Moshe Nissim overcame both the false image of mighty Israel and his own prejudices and preferences.

A man needs courage to change policies, especially when his party is in a transition period. In doing so, Nissim has also demonstrated leadership—another quality that only a few ministers really possess. The Likud should consider promoting him. Instead, they are threatening to fire him.

Like Arens, who holds the opposite opinion, Nissim is risking his political career for a policy he considers best for the country; but unlike Arens, his opinion is very unpopular in the really significant forum—Herut's Central Committee.

ON THE OTHER side of the political arena, Vice Premier Peres and Defence Minister Rabin have revealed civic courage by changing their opinion on the Lavi, as a result of re-evaluating the national capability and the IDF's priorities.

Shortly after beginning his term as head of the defence establishment, Rabin, supporting the programme, predicted that the Lavi would take off. But when he realized that it was the almost unanimous opinion of the generals to close down the project, he was not afraid to change his mind.

Rabin does not fear the introduction of new strategic concepts. The innovative strategy of the new chief of the general staff, Dan Shomron, aimed at reducing losses and improving capabilities on the ground in case of war, has been approved and adopted by Rabin, himself the victorious CGS in the 1967 war. He coordinated positions with Nissim and proposed to the cabinet that the Lavi project be dropped.

Applying innovative concepts is difficult for politicians because of the uncertainty inevitably involved in changes. Overcoming that difficulty in the process of changing one's own previous commitments needs civic courage and leadership abilities—qualities with which Rabin is blessed.

NOT THE LEAST heroic character in the drama is Shimon Peres. He was personally involved in the establishment of IAI when he served as director-general of the Defence Ministry under David Ben-Gurion. For many years he was used to promoting projects, not to dooming them. Many of the achievements of the industry are the result of his initiative and it was quite natural that he should strongly support the Lavi.

But when he found that to continue with the project could really damage Israel's security needs, as well as the economy and the relationship with the U.S. he did not run away from a hard decision. It was painful for him on the personal as well as the political level. In the final weeks it was clear that unless a new source of finance for the project were discovered, the Lavi was doomed to failure.

The most urgent matter was to minimize the damage to IAI, and Peres worked on this until he could put concrete proposals on the cabinet's table.

Peres and Nissim risk more than the other ministers who voted for scrapping the Lavi. Nissim had at least moral support from the professional echelon in his ministry. He is supposed to make decisions on economic grounds, even if this means proposing painful measures.

Peres's position is different. As leader of his party, he is supposed to act in accordance with political considerations, with an eye on the next election campaign. Many of the IAI workers are—or, to be more accurate, have been—supporters of the Labour Party. Nevertheless, Peres made his decision regardless of campaign considerations.

This is the proper way to make decisions at cabinet level, but in Israel, it requires a great deal of courage.

IN JANUARY 1987, the Achille Lauro carried 930 immigrant families from South Africa to Perth, Australia. Of the 930 families a large percentage were Jewish. On the ship where in 1985 wheel-chair-bound New Yorker Leon Klinghoffer, in 1985 met his death at the hands of a PLO gunman, South African Jews exchanged *galut* for *galut*.

In small Jewish communities from Perth in Australia to Wellington in New Zealand a major drive is under way to attract South African Jewry. The leadership of these communities, including some of the leaders of the Zionist movement and the fund-raising organizations, are financing and orchestrating a campaign to save their communities from assimilation.

One such leader of the Zionist movement justified his involvement to me with the explanation that South African Jewry has voluntarily opted out of going to Israel. "While Israel is a preferable destination, if Jews do not want to settle there we should encourage them to settle here."

This activity is not confined to the leadership of these small isolated communities, who are faced with such problems as assimilation and disintegration. There is much activity in Sydney and Melbourne, where the communities number over 40,000 Jews.

Many of Australia's prominent Jewish leaders including some of the largest contributors to United Israel Appeal are involved in a concerted lobbying effort to persuade the Australian government to admit Jewish immigrants from South Africa.

RECENTLY, I received a copy of a pamphlet entitled "Bruchim Habaim" produced by the Sydney North Shore Community. The immigration ministry could be very proud of it. This, like similar glossy productions produced in other communities, explains to the prospective immigrant "everything"—from Jewish life and housing costs to the procedures for changing one's driver's licence.



Ernie Meyer

THE DEMJANJUK war crimes trial, now in recess for another few weeks, has been with us for so long—about seven months—and through radio, television, the press and courtroom attendance has reached so many people, that it has almost become a part of our national life. Yet its capacity for generating fresh drama never ceases, as demonstrated by the suicide attempt by an expert witness for the defence, who was distressed by her lack of success on the stand.

Despite the concept of *sub judice*, which frowns on public discussion of the legal issues before a verdict is reached, it seems appropriate at this juncture to stand back and attempt to gain some perspective on the trial's progress.

One thing is clear: the prosecution did extremely well during the five months it held centre stage.

The role of the defence during that period was, by its nature, reactive. Many will remember the long-winded questions by chief defence counsel Mark O'Connor in cross-examination, in which the effect was often blunted, if not lost.

In retrospect, this stands out all the more now that the public has had a taste of the well-thought-out, sharp and concise cross-examination of defence witnesses by the prosecution. The initiative in the trial has now passed to the defence. Or has it? To answer that question I can't do better than report an interview earlier last month with Allan Ryan, the former director of the U.S. Office of Special Investigations (OSI), under whom much of the action against Demjanjuk in America was initiated. He left the OSI in 1983, and now works in the legal department of Harvard University, but he has retained his interest in the Demjanjuk case.

Admittedly not an unprejudiced observer, Ryan came to Israel especially to hear Demjanjuk testify in his own defence.

In a dispassionate voice, Ryan said that all through his trials in the U.S., Demjanjuk never even mentioned his membership in the anti-Russian Vlassov army. "This despite the fact that he had been asked about it as early as 1978."

Ryan said he was reassured by the fact that the intensive Israeli investigation of the case had not uncovered anything that he himself had overlooked. "Your prosecution is doing a superb job," he added.

## New Diaspora

Clive Lessm

The already large expatriate Jewish South African population in Australia also serves as an important link in the chain. Not only does it enable the issuing of greatly-sought immigration visas under family reunification plans, but it also plays a major role in promoting immigration to Australia.

Legal aid and employment agencies have been set up and staffed largely by ex-South African Jews, to help their brethren (for a small fee). There is a large network of volunteers standing by to receive the new immigrants. In some communities representatives are assigned to accompany the newcomer to the bank, school, and even the Jewish houses of business are pointed out. Social involvement is guaranteed by a flood of invitations to come to Friday night dinner or to join in familiar pro-Israel activities such as Wizo or UJA, all designed to make one feel at home.

This exchange of *galut* for *galut*, and the symbolism of the Achille Lauro incident, is deeply troubling to the Zionist movement. I grew up in this most Zionist community. Per capita, South African Jewry donated more to Israel, had more children in Jewish (Zionist) day schools, had more participants in youth training programmes in Israel, and had more visitors to Israel than any other country.

WHERE did we go wrong? We followed the formula of "Aliya in Stages," so long espoused by the Zionist movement, myself included. We saved Jews through United Israel Appeal, Project Renewal, and JNF. We held leadership development courses and Jewish professional training programmes. We turned over the selection and control of *shlimim* to the South African Zionist

Federation. We encouraged Zionist and Jewish education and a belief in the centrality of Israel to the Jewish people.

Most important of all, we took immigrant absorption, in part, off the hands of the Jewish Agency and the Absorption Ministry and turned it over to Telfed (Tel Aviv office of the South African Zionist Federation), in order to alleviate the bureaucratic problems facing potential olim.

South African immigrants not only enjoy special status today with respect to mortgage loans, but also receive loans through Telfed over and above those received by any other immigrant group. When one looks at the exodus from Johannesburg to Perth, the argument that the inability of South African Jewry to move assets out of South Africa is a major factor in immigration trends becomes meaningless.

With six *aliya shlimim* in South Africa, housing projects and settlement schemes in Israel, highly subsidized pilot tours, jumbo loads of students and high school kids arriving constantly, numerous trips to and fro by government ministers and Jewish Agency and Absorption Ministry officials, South Africa provided only 630 olim in 1986. Official figures are difficult to come by, but conservative estimates place the number of Jews arriving in Australia at about 1,000 a year.

It is far too early to analyse what happened to the Zionist movement in South Africa. But it is clear that there are lessons to be learned for the Zionist movement around the world, if we hope to increase *aliya* from the West.

All I can offer at the moment is gut reactions and feelings based on endless conversations with South African Jews in Israel, Australia, and

## State of the defence

He said he was impressed by the judges, especially court president Dov Levin. "I'm a trial lawyer myself. I can tell that he is the captain of his ship, which is the sign of a good judge."

Then for the second time he said, "The judges follow the evidence intently, they are very fair, not hasty and not irascible."

But what about the claim made in some quarters that the judges, especially Levin, intervene too much in the proceedings? "No, Levin is not interventionist," he said. "He wants to help Demjanjuk. He could sit there in silence, but instead, he is warning Demjanjuk not to give evasive answers. Evasion never helps."

Ryan found that defence counsel John Gill's questioning of his client was at times awkward. But he also thought that he would have got away in the U.S. with most of the objections he was overruled on here.

"It seems that Israeli legal tradition is less flexible, but bear in mind that no judge wants to be reversed on appeal." (An appeal on conviction is mandatory in all capital cases.)

Asked his impression of Yoram Sheftel's work, Ryan said: "He deals with everything except the evidence. Everybody is on trial, the OSI, the Soviet KGB secret police and the Israeli judiciary."

IN A SIGNIFICANT statement, Ryan said that in his opinion, Demjanjuk was telling his lawyers the same version he was telling the court.

Ryan then theorized that Demjanjuk could have built his defence on an admission that he had been at the Trawniki camp, where the SS trained Latvians, Russians and Ukrainians as auxiliary watchmen. He could have said that he had jumped at the chance to save his own life, rather than face the death by starvation and disease that befell more than two million Russian prisoners in the hands of the Germans.

Demjanjuk could have told his lawyers and the court that he had tried to refuse when the SS ordered him to kill Jews. "Such a story," said Ryan, "would have neutralized the damaging effect of the identity card which places him at Trawniki. But with his present story that he never was at Trawniki, if the court believes that the ID card is genuine, he is lost."

Ryan discounts Sheftel's claim that Demjanjuk's original counsel, Mark O'Connor, was negligent in failing to investigate the 21 or more Treblinka survivors supposedly still alive in the U.S. "All of them were inmates of the Lower Camp, where Ivan the Terrible did not operate."

I ASKED RYAN why, in his opinion, the Ukrainian communities in the U.S., Canada and elsewhere continue to support Demjanjuk.

"The biggest mystery to me is why they insist on climbing into the glass booth with him. They say that if you convict Demjanjuk, you convict all Ukrainians. They run the risk that people will indeed equate all Ukrainians with the accused. This strategy could well backfire."

Ryan quoted from an article in the *Boston Jewish Times*, which, in his opinion put the problem well. "If Demjanjuk is convicted, not all Ukrainians are guilty; if he is acquitted, not all Ukrainians are exonerated."

IF THIS IS what Ryan had to say about Demjanjuk's testimony and cross-examination, what would he have said about the next two defence witnesses, document expert Edna Robertson and photo-montage expert Anita Pritchard?

Who is responsible for such a fiasco? Ultimately, Mark O'Connor, who headed the defence team when the two women were chosen. But more immediately the choice was John Gill's who is the document expert of the team.

Edna Robertson shortly after she stepped down from the witness stand told a reporter, "My professional career has been ruined. From now on, every court in the U.S. will laugh at me. If I had known what was in store for me, I would have stayed at home. During my entire time on the stand I never looked the prosecutor in the eye, because I felt trapped up there. I felt degraded, scoffed at. I sacrificed my career for the sake of Demjanjuk, but now it won't even help him. What a nightmare."

She admitted that the Trawniki ID card is a forgery was better-reasoned than that of the prosecution experts. I discovered many details in the card which they never even noticed.

Robertson also said that she had been unprepared for the Israeli way of conducting a trial, in which the judges take an active part in examining a witness. "I found myself facing four investigators."

The defence claims that it suffers from financial constraints, and so apparently could not afford top-line experts.

One wonders whether such constraints apply also to past and present legal talent in the case, or only to expert witnesses. (The Demjanjuk Defence Fund reportedly paid O'Connor some \$600,000 over five

South Africa. Many are people I grew up with, others merely fellow travellers.

Israel has very effectively projected itself as a charity in South Africa. The organized Zionist movement, IUA, JNF, and the community leadership are one and the same. The hundreds of thousands of rands invested in the promotion of Project Renewal and other fund-raising activities for Israel, while yielding tremendous dividends in financial terms has solidified Israel's image in the community as a nation worthy only of charitable contributions.

The inability of the organized Zionist movement in Israel and of the South African Zionist Federation to define clear goals for the community has contributed to the current *aliya* rate.

The willingness of the Israeli political and ideological leadership to legitimize alternatives to Zionist fulfilment, such as fund-raising and *hasbara* activities—and in some cases, accord them a higher status than *aliya*—has played a contributing role.

Our Zionist desire to strengthen Jewish identity and to use Israel as an instrument for this purpose has created the mirage of a strong and vibrant Jewish community with Israel as a mystical centre.

The 31st Zionist Congress will soon be upon us, and the Zionist movement will set its agenda and goals for the coming four years. The South African experience must be discussed frankly and not be cloaked in the secrecy of committees.

And, based on the lessons of South Africa, Israel must redefine its Zionist goals in general and in particular its relationship with the fund-raising organizations and the Zionist movement in the Diaspora.

The writer was born in South Africa and came on *aliya* in 1977. He has served as an adviser to the South African Zionist Federation, and recently returned from three years in Australia where he served as WZO Organization Department representative.

years, and he is said to be holding back case-related documents pending the payment of further moneys.)

According to unofficial reports, an expert witness is paid \$300 living expenses a day, including the days spent waiting to be called to give evidence. Every hour on the witness stand is worth an additional \$50. There is also a 25-cent allowance for every mile travelled away from home. The travel costs themselves, of course, are covered by the employer.

ENOUGH HAS BEEN written about the fall from grace of Mark O'Connor and how he lost the trust of the Demjanjuk family and of his erstwhile team-mates.

O'Connor's successors are putting a brave face on a situation for which they are only partly responsible. Only last week, Gill told reporters that "in September we'll put on a proper defence. It takes a while to get back on track."

In his usual affable manner, Gill explained that a witness arriving from overseas may suffer from jet-lag.

"We lack the funds to allow a witness to get used to the climate before going on the stand. The prosecution is in a much better situation in this respect."

Gill admitted frankly that "the lack of preparation has devastated us, but now we have passed the critical stage."

Asked what he thought about the judges, Gill fielded the question adroitly. "Judges generally favour the State, that's their usual attitude. I have defended cases in five states of the U.S., and that is my observation."

The newcomer to the defence team, former Toronto prosecutor Paul Chumak, is away in Spain, Gill said, taking evidence from an aged witness there.

FOR THOSE sensitive trial-watchers who feel that the judges, and especially Dov Levin, are hard on Sheftel, it is well to remember what happened on Monday, March 23. On that day, Sheftel asked the bench to disqualify itself because of the "deep-seated hostility" it showed to the defence. The court rejected the motion.

Then, of course, it was also Sheftel who, early on in the proceedings, described the trial as a "show trial." Although he was made to apologize for that assertion, the phrase has stuck, and keeps cropping up in comments on the trial in foreign news media.

But none of this seems to faze Sheftel, who oozes an optimism about the prospects of his client, who commutes daily from Ramle jail to the Biayenei Ha'uma courtroom.

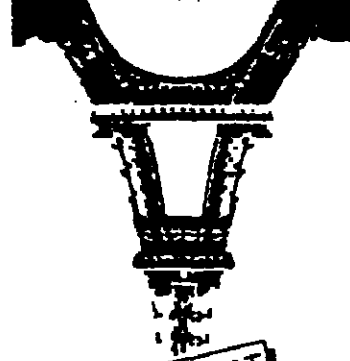
Against all expectations, the line-ups outside the courtroom continue. The Demjanjuk trial seems to be the only place in Israel where ultra-Orthodox and secular Jews sit together in harmony, observed Efraim Zuroff, the regional director of the Simon Wiesenthal Centre. "In a sense," he commented, "it enables the post-war generation to have a personal, immediate rapport with the Holocaust."

Despite those who say that Israeli justice itself is on trial, the Israel public has confidence in its judges. And whatever the outcome, it is safe to predict that there will be many more dramatic moments in Biayenei Ha'uma before the court bailiff brings all those present to their feet with a final cry of *Beit Hamishpat*, and the three judges file off the stage for the last time.

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Haredim no longer feel an embattled minority in Jerusalem. The Post's Abraham Rabinovich interviews Yehuda Meshi-Zahav, one of the leaders of the ultra-Orthodox campaign against Friday night movies in the capital.

## Haredi general

THE BEARD and haredi uniform do not cloak his ambition. Yehuda Meshi-Zahav is, at 27, a 10-year veteran of the battles of Mea She'arim — both those directed against the outer world and the Byzantine infighting within the haredi world. Last Saturday afternoon, he could be seen at the foot of Mea She'arim in the forefront of the haredi phalanx confronting the police in the 13th consecutive week of Sabbath skirmishes in Jerusalem's "Cinema War." Resplendent in his Sabbath finery — striped kaftan and shtramel — he directed his troops as tear gas canisters arching through the air left white contrails and the new police water cannon pointed menacingly at him from the corner of Haneyim Street. The haredim had the wind at their back and the tear gas was carried towards East Jerusalem.

Interviewed in his well-appointed home in the Sanhedriya Murhev Quarter later in the week, Meshi-Zahav sounded like General Ulysses Grant declaring his intention to fight it out on the line if it takes all summer. But the young haredi, unlike the commander of the Northern forces in the American Civil War, did not have to think about pulling back into bivouac in the face of winter mud.

"We called for a demonstration at 15 different points last Shabbat and there were actually 18 demonstrations. This Saturday we will have demonstrations at 25 points. Later we will have them all over the country. We will go on until we win."

Partial victory had already been

won, he said, with the declaration last week by Labour and Likud leaders that they opposed commercial cinema in Jerusalem on the Sabbath. "We won't stop until they also end it in the Cinematheque, and Beit Agnon and wherever else it's still going on."

Meshi-Zahav entered the cockpit of the haredi community when, at the age of 17, he was appointed editor of the newspaper *Haeda*, of the Eda Haredit. It was a position he won by virtue of being the grandson of Yosef Shenberger, the all-powerful secretary of the Eda the organization representing the anti-state, anti Agudat Yisrael wing and of the haredi community.

The newspaper had been launched as an occasional broadsheet following the accession of the Likud under Menachem Begin and Aguda's joining the coalition. "The need for a newspaper was felt because of the confusion caused by a prime minister who kept saying 'Baruch Hashem (Blessed be the Lord)' but who went bareheaded," said Meshi-Zahav. "Things had to be made clear for the haredi community." What *Haeda* helped make clear was that the Zionists still thought they could rule the Holy Land before the coming of the Messiah.

Two years after its founding, *Haeda* began regular publication following a mass demonstration against a proposed soccer stadium in Shuafat that was staged jointly by Aguda and the Eda despite their ongoing enmity. When the Aguda



Yehuda Meshi-Zahav confronts police in last Saturday's round of the "Cinema Wars"; Meshi-Zahav carries the weight of organizing a celebration for Neturei Karta leader Rabbi Uri Blau.

daily, *Hamodea*, attempted to claim that it was an Aguda demonstration, says Meshi-Zahav, the Eda leadership decided to respond immediately in *Haeda* and made it into a regular weekly organ.

TWO YEARS AGO, Yehuda left the newspaper to found with his older brother, Zvi — the two are the eldest of 13 children — the Machon Leyehadut Haredi (The Institute for Ultra-Orthodox Jewry). The institute, in effect a publishing house, has already published several books including *The First Zionist Murder in Eretz Yisrael*, about the haredi leader Jacob de Haan killed in Jeru-

salem in 1924, and a book about the visit to Jerusalem of the new Satmar Rebbe a few years ago.

The high profile maintained by the young activist and the readiness with which he has made himself available to the "Zionist" media as a self-appointed spokesman for the haredi community has won him considerable enmity within Mea She'arim, including from the newspaper he formerly edited. "We have already noted several times in the past," trumpeted an *Haeda* editorial last week, "the strange phenomenon where in virtually every holy campaign, editors without an audience are interviewed on radio and in

newspapers in the name of the Eda Haredit, bringing its image in the eyes of the world to the dust."

Meshi-Zahav professes to be unfazed by such criticism. "It's natural for an editor to attack his predecessor," he said. Is the Eda's Ecclesiastical Court — the ultimate power of the Eda Haredit — also opposed to him. "They couldn't be," says Meshi-Zahav. "My grandfather runs things there."

Despite the widespread differences within the haredi camp, says Meshi-Zahav, all factions are united in their determination to protect the sanctity of Jerusalem. "If we had the power, we would fight for the Sab-



bath in Eilat and everywhere else in the Holy Land. But we don't. It is clear to all that Jerusalem is different, that it is a holy city to all religions. There are matters of principle in Jerusalem that we can't ignore. If we permit the Sabbath to be breached by cinema showings, then this will be followed by store openings and public transport on the Sabbath."

In the years immediately following establishment of the state, the haredim had attempted to block Sabbath traffic on Jaffa Road, the city's main road. They soon realized that they were not strong enough and pulled back to defence of their

own turf.

Their role as an embattled minority is already past, says Meshi-Zahav. Together with the "knitted-kippa" modern religious, he says, they already constitute a majority in Jerusalem. In 15-20 years, he says, the haredim will constitute a majority by themselves. (Haredim today constitute 27 per cent of the city's Jewish population, according to the municipality.) Like U.S. Grant hammering away at the shrinking Confederate Army, Meshi-Zahav — his own young children playing in the next room — believes that in any war of attrition the numbers are on his side.

## False comfort

Yehuda Litani/Middle East Editor

ISRAELIS ARE complaining about the lack of unity, the hatred and animosity in this country between parties, groups and individuals. If this situation continues — many of us are saying — the Arab countries would not have to fight Israel but wait until the final destruction. The left against the right, the workers against the Histadrut, religious Jews against seculars, Oriental Jews against Ashkenazim, Jews against Israeli and West Bank Palestinians, etc.

But in the meantime, hatred, animosity and lack of unity exist even more among the Arab countries and sectors. Compared to this enmity, one may think, Israel with all its faults is a beacon of unity. The present situation in the Middle East is so split and divided that in some cases Israel is no more the number one enemy but only the second or even third priority in animosity.

It seems now that the present war between Iraq and Iran will continue for ever. The Iraqis would very much like to put an immediate end to it, but the Iranians are in no hurry. They did not start this war, the Iraqis did, and so they have reason to claim that they were attacked, that they are on the defence and not the offensive side. After seven years of long and tiring war, no one really remembers who started this war and why, but the heads of the Iranian regime remember well.

Seven years ago, the Iraqis thought that Iran was an easy prey — they estimated that the young revolutionary regime there was very weak and that the country was not united, because many Iranians were still loyal to the Shah.

But — as we know now — the Iraqis were totally wrong. It could very well be that many Iranians were still loyal to the old regime but that most of them were too afraid to show it, not to speak of acting against the regime.

The Iraqis wanted to gain some territorial parts of Iran near their border, but after seven years all they want now is to stop this bloody war and retain the present regime in Baghdad. The Iraqis' main demand is for the Iraqis to get rid of their present leader Saddam Hussein.

Hundreds, sometimes thousands, of soldiers are getting killed every month in the war. Thousands of citizens from both sides are getting killed near the border areas and as a result of aerial bombardment (mainly by the Iraqis) and missiles (mainly by the Iranians).

But this is not the only problem of the Iraqis. The Kurdish minority in the north is demanding autonomy, and sometimes Kurdish fighters come down from their mountains in order to hit the Iraqi army from the back while fighting the Iraqis. This same Kurdish minority is demanding autonomous rights in neighbouring Turkey. Bloody battles have been going on in the last year between the Turkish army and police and Kurdish guerrilla fighters in the south and south-east of that country.

IRAQ IS NOT the sole enemy of Iran. Saudi Arabia and Kuwait are now joining ranks with the United States in their fight for free naviga-

tion in the Gulf's waters. After the Mecca events last month, when more than 400 Iranians, Saudis and others were killed, Saudi Arabia has become Iran's enemy number 2. The Saudis, who seemed until now — at least publicly — hesitant about choosing between the two rivals, are now firmly with Iraq against Iran.

The case of Iran and its enemies is between Shi'ites and Sunnis, but there are enough troubles also among the Sunnis. Despite endless efforts by Jordan's King Hussein to put an end to the long-time enmity between Syria and Iraq (both headed by the Ba'ath party), there are no signs of breaking the ice between these two rivals. King Hussein's hope is to change Syria's alliance with Teheran to a new alliance with Baghdad.

In the meantime, both Iraq and Syria are verbally attacking each other as if the Jordanian king had done nothing in order to end their animosity.

Iraq is not the only enemy of Syria in the Arab world. The old rivalry between Damascus and Cairo still exists and Egypt is still regarded by the Syrian authorities as "a traitor to the Arab cause" since the Camp David agreements with Israel and the U.S.

The list of enemies inside the Arab world is still long: Libya against Egypt; Libya against Chad (unlike the Iran-Iraq war, this is an almost forgotten war and only now and then mentioned in the press); Libya against Morocco, Morocco against the Polisario rebels in the Sahara desert (supported by Algeria); Syria and Jordan over the Yarmuk River sources; Sudan against the rebels in the south of the country; Yemen against The People's Republic of Yemen (what is known as South Yemen).

Need we mention Lebanon? Moslems vs. Christians, Sunnis vs. Shi'ites, Shi'ites vs. Druze, Palestinians vs. Shi'ites. Lebanon is the microcosm of the macrocosm in the Middle East. It is true that in the south of Lebanon there is a semi-war going on between Israel's ally, the SLA, and the PLO, Amal and Hizbullah, and sometimes even directly between the IDF and the above-mentioned, but there are enough internal wars in this torn country without mentioning the Israeli aspect.

So for the foreseeable future the Arab world is far from being united. A big war is going on in the Gulf area — two countries are involved there directly and some are involved there indirectly (like Kuwait and Saudi Arabia). As mentioned above, most of the other Arab countries have at least one or two rivals.

For the next 2-3 years at the most, Israel may rely on the present animosities and comfort itself thinking it is the beacon of stability and democracy in the Middle East. But things may change in this region sooner or later. The Gulf War may come to an end; relations may improve between rivals like Syria and Iraq or Egypt and Syria. Then Israel would move again to the top on the hate list of the Arab world. Those Israelis encouraged by the present splits in the Middle East may then find them a false comfort, not a real one.



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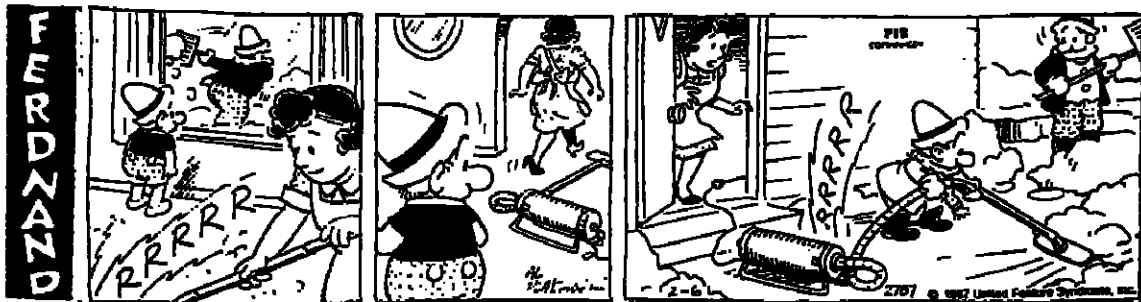
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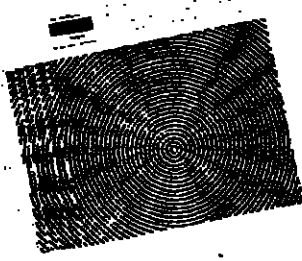
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20,000

(continued from page one)

Also evoking anger yesterday was a report that Lavi project head Moshe Blumkin had been told that 62 per cent of IAI's engineering branch, 2,548 workers to be exact, would be dismissed. Committee members said that no names were mentioned, only numbers.

Though the leaders of the workers' committee yesterday maintained that they were still in control, they admitted that a certain number of workers had tried to push the committee to take more extreme stands. Before the demonstrations yesterday, committee members said that they took the workers aside in groups in an effort to prevent them from provoking the police.

Committee members issued orders to all the IAI's employees to turn up to work on Sunday with hats and cantees, ready for the demonstration, which is expected to be the biggest since the Lavi project was dropped by the cabinet.

They said their aim was to march seven times around the government offices "in the same way Joshua marched his men seven times

around the walls of Jericho." The decision on whether to grant a licence for the rally was passed onto the Prime Minister's Office by Yehuda'i. If officials there did not object, he said, the police would grant the licence. The matter was still being considered last night.

Explained the police chief: "The government will be meeting at the time and we cannot allow a situation in which noise disrupts the activities of the legal government of the country. The demonstrators want to march, not simply stand in one place. If the Prime Minister's Office does not agree to the rally then I am ready to discuss an alternative site with the workers leaders."

However last night a member of the IAI committee, Moshe Goldenberg warned that the demonstration would go on with or without a licence.

"The Egged bus drivers have told us they will not bring us to Jerusalem if we don't get approval for our protest rally. Well, if that is the case we have plenty of private cars available."

## VANUNU

(continued from page one)

"do not photograph" - even though the information would not be considered secret in normal surroundings.

In the Vanunu trial, two psychiatrists - one for the defence and one for the prosecution - submitted written opinions to the court yesterday on the causal connection between the way Vanunu was brought to Israel and his conditions of imprisonment and his "free will" when he rendered his confessions.

The sides will now submit to the court their written concluding arguments concerning the "mini-trial". The arguments will centre on the admissibility of Vanunu's confessions.

Vanunu's brother Asher com-

plained bitterly yesterday that he had not been allowed to see his brother during his week's hearings and said that he is considering a petition to the High Court of Justice on the matter. "I felt very frustrated during the past week," Asher said, "when my brother is five metres away from me and I cannot see him."

On Wednesday, District Court Judge Zvi Cohen will consider Vanunu's petitions on the way he is being brought to the court, on visiting rights for his girlfriend and for an Anglican clergyman, on the conditions of his imprisonment and on the right to phone his family. The hearings are likely to be held in open court, but Vanunu himself will not be present.

## CABINET

(continued from page one)

created by the decision to stop production of the aircraft presented itself, the matter would be raised once again.

Sharon met yesterday with Defence Minister Yitzhak Rabin but failed to gain Rabin's support for his proposal to freeze the dismantling of the Lavi for three months. Sharon's proposal calls for the establishment of an independent non-partisan committee of experts which would propose new ideas for the funding of the Lavi or concrete proposals for the production of the so-called IDF alternatives. The plan has also been rejected by Foreign Minister Shimon Peres.

Sharon's plan, which was accepted by Likud ministers in their Wednesday meeting in the hope that it would dissuade Minister Moshe Arens from resigning, prescribes that during the three-month period Lavi-based employees of the Israel Aircraft Industries would not be sacked, but "no new parts for the Lavi would be ordered". The experts' committee will verify the cost of dismantling the Lavi against its continued production, the cost of the F-16Cs which Israel is to purchase from the U.S., the IDF alternatives and the status of U.S. commitment to joint production of the advanced F-16s - all elements about which Sharon claims the government was misinformed.

Sharon met with Arens yesterday but failed to persuade him to retract his resignation, which is slated to take effect this evening. Arens had farewell to the employees at his ministry yesterday, and his resignation is widely considered to be final. At least three of Arens's aides at his ministry are also expected to tender their resignation. Arens will depart on Monday for a previously scheduled 10-day trip to the U.S. and upon his return will take up office as chairman of Herut Secretariat in Mezuza Zeev in Tel Aviv.

U.S. Secretary of State George Shultz, a close personal friend of Arens's from the days when the outgoing minister was ambassador to the U.S., called Arens yesterday

from his vacation spot in Massachusetts to urge Arens not to resign from the cabinet. Arens thanked Shultz for his call but said that he could not accept the collective responsibility for the "miserable decision" to terminate the Lavi.

In Shlomi, Shamir refused to comment on the possible successor to Arens in the cabinet or on who would take over his responsibility for Arab affairs. But sources close to Shamir maintain that he will not name a successor in the cabinet, and that Deputy Minister Ronnie Milo will be given charge of Israeli Arabs. Minister Yitzhak Moda'i is expected to replace Arens in the cabinet.

The campaign to revoke on the Lavi is widely expected to die a natural death in the next few weeks. Finance Minister Moshe Nissim departs for a month-long trip abroad on Sunday, and Labour will continue to veto the proposal. Arens's departure further detracts from the number of existing Lavi supporters.

The widely-perceived "weak link" among the opposers of the Lavi is Religious Affairs Minister Zevulun Hammer. Hammer has been keeping his cards close to his chest in the past few days, in an effort to reduce pressures on him to change his vote. Sources close to Hammer hinted yesterday, however, that Hammer might change his mind on the Lavi, saying that if new information was presented to the cabinet, there was no reason not to seek a revision.

Labour Party leaders Peres, Rabin and the party's secretary-general, Uzi Baram tried to mend fences with disgruntled workers of the IAI in an unexpectedly tranquil meeting with 25 Labour Party IAI employees in Tel Aviv yesterday. The workers complained bitterly about the decision to terminate the Lavi, which, they said, had been a political decision which would cause Labour substantial electoral damage.

The workers claimed that they had new sets of figures which proved that it would be cheaper to buy 90 Lavis than 90 F-16s.

## SHABBAT

would be the same as last week when some 500 police and Border Police from all parts of the country spent their weekend on duty in the capital.

The cost of last weekend's police activities in Jerusalem was between NIS 80,000 and NIS 90,000, the national police spokesman said.

Secular activists will again seek to pack the locations where movies are being shown - the Cinematheque, Beit Agnon, and Beit Yitzhaki in the German Colony. Tsavta, which has shown movies for the past few weeks, will resume its regular music programme on Friday nights. Beit Shmuel, the Reform movement's guest house, will also be offering a

musical programme.

In posters appearing throughout Mes She'arim and other ultra-Orthodox neighbourhoods last night, the Ecclesiastical Court once again called for mass demonstrations against the desecration of Shabbat. The posters charged that the secular activists want to bring Jerusalem to a state of total chaos and to destroy everything related to Judaism and Torah.

But unlike last week's posters, which featured only a fine-print warning about keeping children in line, these posters prominently display a warning that no one should perform any violent acts or provoke police.

## GULF

(Continued from page one)

step after the 180,305-deadweight ton Japanese tanker Nishin Maru was attacked Wednesday in the Gulf near the Strait of Hormuz by a small unidentified boat.

The U.S. Navy-escorted convoy was the seventh since July 21 in an operation that has thus far encountered no serious difficulties, despite U.S. officials' expressed concern about mines planted by Iran.

The American warships and their mine-hunting helicopters have found no mines and fewer than five "suspected sightings," according to a U.S. officer who asked not to be named. Iraq claimed in a communi-

que yesterday that an Iranian F-5 jet fighter had been shot down by its anti-aircraft batteries over Kuwait. A second plane escaped, said the report from the official Iraq News Agency.

An Iranian communique carried by the official Islamic Republic Agency, monitored in Cyprus, said all Iranian planes returned safely to base from retaliatory bombing sorties against military and industrial centres in the cities of Dukan and al-Amara in eastern Iraq.

Iran has claimed five Iraqi planes shot down, all denied by Baghdad. But an Iraqi pilot, fished out of the Gulf by the U.S. helicopter carrier Guadacanal, said he apparently had been hit by an Iranian missile.

## SPORTS

### SOCCER

# League season kicks off today



STILL THE MAESTRO. Uri Malmulian faces a new season.

Post Sports Staff  
Hapoel Holon, promoted at the expense of Hapoel Jerusalem, have the distinction of kicking off National League action this afternoon when they entertain Maccabi Haifa, the champions in 1984 and 1985, in what may prove to be the most engaging fixture of the opening round of the new season.

That match, along with Maccabi Petah Tikvah's home tie against Hapoel Lod, takes place at 4.30 p.m. today, while the other five games of the opening round are set for tomorrow.

Betar Jerusalem, the champions, as far as the pre-season games in the Lillan Cup over the past week indicate, have not yet got into their stride. They are missing not only Eli Ohana, but also the injured Uri Malmulian, Sami Malca and the suspended Hanan Azulai. They play their sister Betar club from Tel Aviv in the curtain-raiser at the National Stadium in Ramat Gan, to which league soccer returns on a regular basis, with both Betar and the pre-season favourites Maccabi Tel Aviv making it their "home" ground.

Maccabi's successes, first over Lod and then over Bnei Yehuda in the Lillan Cup seem to show that, under the new stewardship of Giora Spiegel and Dror Barnur, they are not taking the loss of their skipper Avi Cohen to Glasgow Rangers too much to heart.

The most attractive of the five Saturday games may be in Netanya, when Maccabi Netanya are seeking to recover their hegemony of the late 1970s and early 1980s. They enter

the indomitable squad from last season, Bnei Yehuda, who will be out to raise by just one notch their record on two counts - they had but a single defeat, and that in the very last game, and they finished second in the league, bested only by Betar.

The league administrators have come up with a novel idea of how to deal with the persistent problem of mid-season and late season deterioration, when fewer and fewer clubs are involved in either the title hunt or in the struggle to avoid relegation. The scheme that has been devised is extremely attractive, and should retain interest all through the season, without, at the same time, negating performance in the regular play-off segment of the season.

It works this way in both the National League and Second Division:

There will be two full home and away rounds involving the 14 teams in each division. At the end of the 26 matches the top eight teams will play each other once more i.e. seven additional games, the points from these fixtures being added to those accumulated during the 26 first games. The one special advantage (aside from the points) that the higher finishing teams will have is that they will play more home games than away in the play-off phase. The champions

will be declared at the end of 33 rounds, with all matches played counting towards the title. Meanwhile the bottom six will be involved in their own mini-league of five extra games apiece, with the bottom two at the end of the 31 games taking the drop to the lower divisions.

The weekend's national league card is as follows:

Bnei Yehuda v. Maccabi Haifa (Holon) Friday 4.30;  
Maccabi Tel Aviv v. Hapoel Lod (PT) Friday 4.30;

Bnei Yehuda v. Hapoel Lod (PT) Friday 4.30;  
Maccabi Tel Aviv v. Betar Jerusalem (Ramat Gan) 4.30;

Maccabi Tel Aviv v. Hapoel Be'er Sheva (Be'er Sheva) 4.30;  
Hapoel Be'er Sheva v. Hapoel Petah Tikvah (Kfar Sava) 4.30;

Maccabi Netanya v. Bnei Yehuda (Netanya) 4.30.

LAST YEAR'S FINAL STANDINGS

	W	D	L	F	A	Pts
1. Bnei Yehuda	19	9	1	59	25	66
2. Maccabi Tel Aviv	11	18	3	30	21	51
3. Maccabi Haifa	11	11	7	40	34	44
4. Maccabi Netanya	12	8	9	36	38	44
5. Hapoel Lod	10	12	7	33	21	42
6. Hapoel Be'er Sheva	9	15	5	30	19	42
7. Hapoel Petah Tikvah	10	12	7	35	21	42
8. Hapoel Ramat Gan	11	9	9	43	38	42
9. Hapoel Be'er Sheva	11	9	9	43	38	42
10. Maccabi Haifa	8	12	9	30	26	36
11. Be'er Sheva	7	14	8	18	18	35
12. Hapoel Lod	6	16	7	20	34	34
13. Hapoel Be'er Sheva	6	13	10	31	39	31
14. Hapoel Be'er Sheva	6	11	12	27	38	29
15. Hapoel Be'er Sheva	3	10	16	21	47	19
16. Bnei Yehuda	3	1	25	21	89	10

### SECOND DIVISION

	W	D	L	F	A	Pts
1. Hapoel Lod	14	11	3	36	16	33
2. Hapoel Be'er Sheva	15	8	7	36	33	33
3. Hapoel Haifa	13	11	6	40	23	30
4. Hapoel Be'er Sheva	13	9	8	30	34	28
5. Hapoel Be'er Sheva	12	7	11	27	34	28
6. Hapoel Be'er Sheva	11	9	10	31	30	24
7. Hapoel Be'er Sheva	12	6	12	26	29	24
8. Hapoel Be'er Sheva	9	13	8	25	19	40
9. Hapoel Be'er Sheva	11	7	12	25	40	39
10. Hapoel Be'er Sheva	12	7	11	27	34	28
11. Hapoel Be'er Sheva	9	11	10	23	29	37
12. Hapoel Be'er Sheva	7	16	7	26	38	27
13. Hapoel Be'er Sheva	6	13	9	25	37	27
14. Hapoel Be'er Sheva	4	8	18	19	39	20
15. Hapoel Be'er Sheva	4	7	19	20	30	19

### U.S. OPEN

# Cash thrown away by Lundgren

NEW YORK (AFP). - Pat Cash, the hero of Wimbledon two months ago, crumbled to a first round defeat in the U.S. Open for the second year in succession - and then announced he would be taking a break from tennis.

Cash, seeded seventh, went out at the hands of Sweden's unseeded Peter Lundgren and seemed to find it hard to accept his demise.

"I felt it was in the match all the time, right up to the stage where I lost," said the Wimbledon champion, who was a semi-finalist here three years ago.

He led 40-0 on his serve in the last game before losing the last five points and going out 6-4, 4-6, 6-4, 6-4.

"Basically, I lost the points that counted," said Cash, who has played poorly since winning Wimbledon. He lost recently in the second round at Stratton Mountain, Vermont, and the third round at Montreal.

"I have been real stale this summer. Since Wimbledon, I have had

just four days off. I'll go home and have a nice break," said 22-year-old Cash. Last year he was beaten by Mexico's Leonardo Lavalle at the first hurdle here.

Lundgren's victory was his second in three weeks over Cash. He had beaten Cash in the third round at Montreal, one of the highlights in a sizzling summer that has seen the 22-year-old jump 51 spots on the world rankings to his present number 47 spot. Last weekend Lundgren won a tournament in nearby Rye Brook, New York.

The last time the reigning Wimbledon champion lost in the first round of the U.S. Open was in 1971, and it happened to another Australian, John Newcombe, who was beaten by Czechoslovakian Jan Kodess.

Lundgren, who has a style reminiscent of his compatriot Bjorn Borg, had Cash frustrated throughout the two hour and 43 minute match, with strong passing shots and

service returns. Cash was error-prone, committing 51 miscues.

"I played badly and he played well," was Cash's explanation.

Ageless Jimmy Connors and Chris Evert continued to play winning tennis with workmanlike first round victories. Connors celebrated his 35th birthday by beating 24-year-old Joie Rive 6-1, 6-4, 6-4.

"I declined an invitation to play in the 35 and overs here," said the sixth-seeded Connors, a five-time Open champion. "I'll wait a few more years. I still like playing these guys here."

Third-seeded Evert, 32, added her 88th career Open win to the tournament record she owns with a 6-1, 6-0 romp against 16-year-old fellow American Susan Sloane.

Tomas Smid of Czechoslovakia had registered the first men's upset with a 7-6 (7-3), 6-4, 6-2 win over 15th seed Martin Jaite of Argentina. Stefan Edberg, Mats Wilander and Steffi Graf all had easy victories.

### WORLD ATHLETIC CHAMPIONSHIPS

# Smith and Foster cling to gold

ROME (Reuters). - Silke Gladisch hurtled to a brilliant sprint double and Calvin Smith clung to a 200m crown he seemed to have lost as East Germany and the United States hogged the golden spoils at the World Athletics Championships on Thursday.

Gladisch, victor over 100m, on Sunday, added the 200m title to her collection with a barn-storming run which killed the contest barely halfway through the race.

Smith appeared to have surrendered the title he won in the inaugural 1983 World Championships in Helsinki when beefy Briton John Regis powered down the straight with the title seemingly at his mercy.

But, in an extraordinary finish, Smith surged through in the outside lane eight and Frenchman Gilles Quencheville pipped Regis for the silver on the line. Only 0.02 of a second split the top three.

Greg Foster of the United States, who fell in two major championships this year, ran an impeccable race to retain his men's 110m hurdles title in 13.21 secs, the second fastest time this year.

Foster, who crashed out in the World Indoor Championships and the Pan American Games, both times in Indianapolis, took the lead from the fourth hurdle and never looked like being caught.

However, it was a magnificent race for Britain, with Jon Rigeon, who dislocated a toe during the race, and Colin Jackson taking silver and bronze respectively.

East Germany's Thomas Schonlebe pulled off a major upset by winning the men's 400m gold medal. The 22-year-old East German broke the European record he set just two weeks ago in the East German Championships as he powered home in 44.33 sec.



CELEBRATION. - Greg Foster celebrates after winning the 110m hurdles.

Nigeria's Innocent Egbunike and Harry "Butch" Reynolds - who had been expected to make it a two-man race - came second and third.

Sabine Busch, who ran the second fastest time ever at the East German championships two weeks ago, duly won the women's 400m hurdles in 53.62 secs.

Australia's Debbie Flintoff prevented an East German one-two with a late surge to snatch the silver from Cornelia Ulrich.

There was drama in that most demanding of disciplines - the decathlon. Daley Thompson's unbeaten run appears to be at an end. The Briton, in his first outing since winning his seventh successive gold medal at last year's European Championships, was fifth after four events.

Even with the 400m, one of his best events, he is still facing an uphill



HELP. - Daley Thompson seems to be praying for help as he falls behind in the decathlon.

struggle to catch East German leader Torsten Voss.

Israeli champion and record holder in the women's long-jump, Sigal Gonen failed to make any impression in her designated event. Gonen could only manage a jump of 6.03 metres at her third and final attempt in the preliminary round of the competition. Her performance was well below her personal best - the Israeli record of 6.46m. Indeed it was far below her best effort this year - 6.24m.

Gonen's exit from the World Athletics Championships ends a sad display of Israeli athletics in which the only other Israeli competitor, Dan Goldwasser, was also a sad disappointment. He was completely outclassed in his heat of the men's 400 metres in which he finished in last place.

### CRICKET

LONDON (AP). - New Zealand all-rounder Richard Hadlee led Nottinghamshire's fightback yesterday after the English County Championship leaders were bowled out for only 133 at Trent Bridge.

The total gave Nottinghamshire a lead of only ten but Hadlee, who took six for 20 in Sussex' first innings, picked up two more wickets as the visitors reeled at 33 for three in their second innings before bad light and rain stopped play.

Rain interruptions also frustrated title contenders Leicestershire at Southampton, where Hampshire started to 139 for two at the interval, still 147 behind the visitors.

### BASEBALL

#### AMERICAN LEAGUE EAST

	W	L	Pct.	GB
Detroit	70	52	.573	-
Toronto	70	54	.564	1
New York	75	58	.564	3
Milwaukee	72	60	.542	7 1/2
Seattle	66	66	.500	16 1/2
Baltimore	60	71	.451	20
Cleveland	51	83	.381	29 1/2

#### WESTERN DIVISION

	W	L	Pct.	GB
Minnesota	70	64	.522	-
Oakland	68	65	.511	1 1/2
California	66	68	.493	4
Kansas City	65	68	.489	4 1/2
Seattle	63	70	.474	6 1/2
Chicago	62	70	.470	7
Texas	56	76	.424	13

\* AMERICAN LEAGUE: Toronto 7, California 6; Detroit 2, Cleveland 1; New York 3, Oakland 2; Milwaukee 5, Boston 4; Chicago 5, Texas 6; Milwaukee 3, Kansas City 2; Seattle 5, Baltimore 6.

#### NATIONAL LEAGUE EAST

	W	L	Pct.	GB
St. Louis	70	53	.568	-
New York	70	57	.551	3 1/2
Montreal	74	58	.561	6
Philadelphia	61	63	.492	9 1/2
Los Angeles	60	65	.480	10 1/2
Pittsburgh	61	72	.459	19 1/2

#### WESTERN DIVISION

WESTERN DIVISION				
San Francisco	71	63	.530	-
Houston	66	67	.496	5 1/2
Cincinnati	66	68	.493	6
Atlanta	57	75	.432	13
Los Angeles	56	77	.421	14 1/2
San Diego	54	79	.406	16 1/2







# Full steam ahead

THE BANKS are making money again - lots of it. That much is immediately clear from the half-yearly results they recently published. The questions stemming from this apparently happy state of affairs are: why are they suddenly raking it in, when last year they could hardly scrape a profit at all? Are all the banks in the same boat? And who, in particular and in general, stands to benefit from this trend?

The accompanying table presents the basic profit statistics of the five main banking groups. From it, even the untrained eye can discern several important facts.

For instance, the net profits column - the famed "bottom line" - shows that this year's profits, at least in the first half, were much better than last year's in every case, with only the extent of the improvement varying.

Secondly, a comparison between each bank's gross and net profit growth, given alongside the absolute amount of gross and net profit, shows that in most cases, net profits rose by much greater margins than did gross.

The explanation for this is to be found in the column showing the relative amount of gross profits taken by the taxman. Except in the case of Bank Hapoalim, this year's rate of tax was sharply down on last year's.

There is no mystery about this - it simply reflects the lower corporate tax rates that were legislated earlier this year. Their effect, however, is quite dramatic.

As for Hapoalim. It may be seen that in 1986 they paid much less tax than anyone else, so they couldn't gain from lower rates this year. But if you go back to 1985, you will find that Hapoalim's tax rate (for the whole year) was higher than any other bank's, bar Mizrahi.

There are, believe it or not, logical explanations for these fluctuations, mainly centring on when each bank settled some big arguments with the income tax people. But since the whole question of tax calculations is a distorting factor, both overall and

Pinhas Landau analyses the sudden improvement in the banks' profitability. He notes that 'since the new managements took over last year, they have all been engaged in altering the composition of their businesses.'

for each bank, it is safer and more correct to concentrate on gross profits as an indicator of how business is going. So much, then, for the bottom line.

The third thing to look at, therefore, is the gross rate of return on equity. The banks have learnt to focus their spotlight on the net rate of return, but we have just shown that the net figures are not helpful. So we will not look for evidence under their light, but try to shine our own on the darker corners.

The figures on gross returns on equity - which means whether the banks are making money from their capital - re-emphasize that 1987 was much better than its predecessor for everyone, but that there are major differences between the banks.

FIRST, LET'S see why there was a general improvement. If you consider that profit margins were down overall, and that commissions were still frozen in the first half, it becomes even more difficult to explain the re-emergence of good times. But there were other factors that far outweighed these negative ones.

The key to understanding the recovery is to note that the volume of business grew, and that within that volume, the profitable bits grew rapidly, while the unprofitable sectors either grew slowly or actually declined. In addition, costs were restrained as the banks benefited from the efficiency measures and staff cuts they had taken in previous years.

The main reason overall business grew is, of course, that the economy has been booming all year, and this

has expressed itself in increased demand for financial services of all kinds. Thus, if imports and exports are both expanding rapidly, the banks make hefty commissions. Similarly, the boom on the share market in the first part of the year sent trading and underwriting commissions soaring.

But the banks did not merely ride the general boom. Since the new managements took over last year, they have all been engaged in altering the composition of their businesses - except First International, which has always been where the others now want to get to.

The trend is to go hell-for-leather into lending to medium and small businesses, the self-employed and households. Here, profit margins are high and risks, so far, are perceived to be low. The old-style lending policy, which concentrated the banks' exposure on big borrowers, is now as outmoded as wide ties.

Trendy bankers wouldn't be seen dead handing out new loans to heavy or basic industries (Koor, Israel Shipyards, etc.), the wrong kind of high tech (IAI, Elscint), or agriculture - unless, that is, they are forced to by the government, or believe that new money will help save the old.

They are very keen, though, to give ordinary people, whose real wages are rising very fast, loans to pay for new cars, foreign vacations and all kinds of consumer spending. They are even happier to give loans to the businesses that provide services for these forms of spending, or produce or import the goods that the public is soaking up.

IT IS VERY significant that every bank, without exception, boasted in its half-yearly report of the extent to which its business in unlinked shekels had grown. Balances in current accounts, and in Taps and Pakam short-term deposit accounts, have marched remorselessly higher, especially when interest rates were high in real terms, in February-May.

This has provided the banks with the resources to lend money which previously they never had. The growth in the percentage of savings-scheme deposits that remains with the banks, to be lent or invested freely, has provided new sources of medium-term loan funds.

Encouraging the further development of these trends is, according to the banks, their highest priority. It is so because it provides the highest profits. The arrival of a profit-oriented banking industry, much talked about in recent years, has finally occurred, and this year's results are the proof.

There is little reason, therefore, to doubt that these basic trends will continue into the second half, and that the figures for January-June have set the pattern for the whole year. While differences of emphasis will certainly occur - the second half looks like seeing less commissions from securities, while other charges have been unfrozen - it would need a major change in the economy to derail the banks, now that their engines are pulling smoothly at last.

WHO STANDS to gain from the resurgence in bank profits? Clearly, the new managements can only benefit from showing a strong performance. So, too, will their workforces, both through a reduction, or even reversal, of the pace of staff cuts, and through higher wages.

In the latter context, the experiment initiated by Zedek Bino at Bank Leumi, of offering performance-based bonuses for the entire staff, should be carefully monitored for two effects.

Will it save Leumi from paying higher wage increases, which then become fixed costs, so that they are

Comparative Results for 5 Main Banking Groups for January - June 1987.

	Pre-tax profits		Annualised Gross return on capital		Tax bite on gross profit		Net Profit		Annualised Net Return on Capital	
	First Half 1987	P.cent Chg.	First Half 1986	First Half 1987	First Half 1986	First Half 1987	First Half 1987	P.cent Chg.	First Half 1986	First Half 1987
HAPOALIM	140.7	264.5	6.2	23.7	50.4	52.4	67.1	263	3.1	11.0
LEUMI	91.7	168.3	12.2	25.6	67.9	54.8	64.4	220	2.8	9.4
DISCOUNT	72.4	178.8	6.6	20.5	74.7	53.5	30.8	15-fold	0.5	8.5
MIZRAHI	25.1	loss in 1986	loss	16.0	loss	47.4	7.3	loss	loss	4.5
FIRST INT'L	54.8	72.7	23.5	39.8	70.2	56.8	23.0	151	6.8	16.7

saddled with the whole paraphernalia of social welfare costs? If so, will the adoption of this approach, commonplace in Japan but rare in Israel, spread to other banks, and possibly other sectors of the economy? In any event, bank staffs have the prospect of having the pressures on them reduced, for the first time in several years.

The achievement of high profits is allowing the banks to write off their accumulated bad debts at a more rapid pace - although the reduction in corporate income tax means that the actual cost to the banks of these write-offs is now higher than it used to be, because the Treasury "contributes" less.

This process is extremely positive for the banks, and is helping them get their loan portfolios into healthier shape. In the longer term, that is good for the whole economy. In the shorter term, it is good for people who want loans from the banks, since these are becoming more plentiful and, gradually, cheaper.

The Bank of Israel is intent on pushing the commercial banks to be more competitive in lending money, as they are in borrowing it, but so far progress on this front has been slow.

OVERALL, it just may be that the need for a banking system that is reasonably profitable will come to be appreciated as a necessary feature of a normally-functioning economy. Unfortunately, though, the public's emotional attitude toward the banks - the legacy of their stupidity and

arrogance before, during and after the 1983 crash - will linger for some time. The coming debate on the future ownership of the banks will probably do nothing to further rational thinking in this area.

For these reasons, the banks will probably try not to show profits that might be thought to be excessively high. Given the amount of bad debts they still carry, that should be no problem for at least this year and next.

FINALLY, a glance at differences between the banks. Although the data released in half-yearly reports is patchy, and makes full analysis problematic, it does seem to be enough to venture some tentative conclusions.

First of all, the levels of gross returns on capital now being achieved are good by international standards. According to the London-based *Banker* magazine, the world's top 500 banks had average pre-tax profits on capital of 17.77 per cent in 1985 and 16.83 per cent in 1986.

Granted, these are lousy figures, and last year's were the third worst yet recorded, according to *The Banker*. But at least we are more than holding our own - especially when it is remembered that Israeli banks give inflation-adjusted figures.

Among the banks, First International remains comfortably in a class of its own - no change there. Leumi and Hapoalim are still slugging it out for primacy in the heavyweight class.

Despite Hapoalim's huge jump in gross profits, it is still less profitable than Leumi - and that on a smaller capital base. Its lower tax bill, however, gave it number one spot in net profits.

The real change is in the last group. Here, Discount seems to be breaking away from Mizrahi, which still languishes at the bottom of the class, in good years as in bad.

On the basis of the first half, Discount looks to be closing the gap between itself and the big two. Its improvement, however, is largely conditional on the performance of its New York subsidiary, since its domestic operations take a smaller share than in the other banks.

On the other hand, its Barclays Discount subsidiary is immensely profitable, and its 30 per cent stake in First International is another source of joy.

The rebound that has taken place everywhere is belatedly finding expression in Discount in a more confident tone and a clearer sense of purpose.

Without the natural flair for PR that Bino has brought to Leumi, or even the deliberate and calculated high profile that Amiram Givon has pushed on Hapoalim, Gideon Lahav's crew at Discount tend to get themselves overlooked. That would be a mistake, because their performance in the first half of 1987 has put them in a good position to win the whole event, which is not something anyone was suggesting last January 1.

'The moral of the Lavi story is that creating facts no longer insures against all contingencies'

## A departure from the norm

Avi Temkin

THE DEBATE on the Lavi which divided the cabinet, and probably the entire country, during the past several weeks has probably done Israel a great service. Much has been said about the faulty decision-making process, the time it took for the cabinet to decide and the way the Lavi became a partisan issue. Nevertheless, it showed that weaknesses in Israeli politics and public life can be overcome.

The fact that the Lavi turned into a debate between parties is natural. Parties are concerned with offering the country choices, based on a system of beliefs called ideologies. It would have been very strange if in the case of the Lavi, with important

economic and defence implications, there would have been no clear party differences. The fact that party lines were evident only speaks in favour of Israeli democracy. The public was offered a real choice, one of the few times that such a thing has happened.

But in addition to the political effects of the debate, it is impossible not to see the implications of the affair for the way in which public life is managed in Israel.

One example is the country's "creating facts" mentality. In Israel "creating facts" has always been considered the best way to ensure a particular outcome. "Facts," whether they are a settlement, a factory or

a road are perceived as irreversible, as something that opponents will have to give in to. This type of mentality, probably the heritage of the heroic Zionist years of struggle, is now undergoing a crisis.

In this respect, one argument used by supporters of the Lavi was that over \$1.5 billion had already been spent on its development. To stop the project would mean "throwing that money away." In other words, since facts have been already created, it would be illegitimate even to think about scrapping the project. The rational answer, one which eventually prevailed, was that the calculation should be based on the money that would have to be spent in the future, compared to the funds that would be necessary to purchase F-16s from the U.S.

The moral of the Lavi story is that creating facts is no longer insurance against all contingencies. It proved that the case of the settlements in the Yamit area was not an unique occurrence. There are realities which even "facts" cannot overcome.

Thus, from now on anyone engaged in a particular project, whether it is establishing a plant or a settlement, will have to take into account that his investment of time and effort - as well as money, if it comes out of his own pocket - could be in danger if the project is built on shaky foundations.

A SECOND side effect of the Lavi decision is that it could symbolize a reorientation in the values of Israeli political life. Israeli politicians have always had a peculiar distaste for dry "facts and figures." There was probably nobody like former premier Menachem Begin for personifying the contempt with which "dry numbers" are held by some Israel's decision-makers. But he was not the only one.

This type of "where-there-is-a-will-there-is-a-way" mentality, commonly described by politicians as "vision" was clearly on trial in the case of the Lavi. The outcome of the debate proves that things have changed.

It is in this sense that the decision about the Lavi has come as a boon to the Treasury's Budget Department. The fact that both the army and the Defence Ministry have finally recognized that there are budgetary limitations that should be recognized is probably the most rewarding aspect of the developments during the past months.

For politicians, particularly those who voted against the Lavi, Sunday's cabinet decision was a benchmark. For the first time since 1977, an Israeli cabinet approved what was perceived as a clearly unpopular decision, because the majority of ministers thought it was the right thing to do. Moreover, these ministers voted against the Lavi without knowing if there would be an im-

mediate and concrete reward, or if there were a way of proving their opponents wrong.

Much has been said in the past several days about the decision to stop the Lavi, comparing it with the two previous major decisions taken by the cabinet, the withdrawal from Lebanon, and the economic stabilization plan.

On those occasions, the showdown was between the Labour Party on one side and the Likud on the other, as Rabin pointed out a few days ago. This time, however, the situation was different, and the Lavi decision was more difficult.

The decision to pull out of Lebanon was welcomed by the public, simply because everybody was tired of the daily casualty count. Both Rabin and then prime minister Shimon Peres had prepared themselves for that decision, and had relatively few problems carrying it out.

In the case of the economic stabilization plan launched in July 1985, most Likud ministers were proven wrong and Peres right every month, when the Central Bureau of Statistics published the Consumer Price Index. The programme offered re-

lief from inflation, and the public responded in a way that surprised even the optimists. In a few months, wage erosion reached unprecedented proportions. Nevertheless, the economic plan survived those first critical months.

THE CASE of the Lavi is completely different. There is no concrete way, no figure or number, of showing that the opponents of the Lavi were right. To the general public, which saw the Lavi flying last Independence Day, and now knows that the jet fighter has been scrapped, concepts like "balance of payments" or "economic growth" are highly abstract.

Now, the Labour Party has no choice but to hope that the public is mature enough to make the connection between the fact that the Lavi is not being built and the fact that inflation can go down even further, that the tax burden will not return to the record levels of 1985, and that Israelis will be able to travel abroad without paying a NIS500 travel tax.

Furthermore, if Labour would have given the same overriding

weight to electoral considerations as did Herut politicians, it would have decided to put off the decision for several months, until reality would have forced even the most staunch supporters of the Lavi to realize that the country lacked the financial resources to carry out such an ambitious project.

After all, the economic stabilization plan, with what was thought to be painful budget cuts and wage erosion, was approved at the very last minute, when it was evident that something had to be done to avoid a major crisis. The fact that the Lavi decision was not delayed speaks favourably of the Labour Party.

Nevertheless, the last convert to the inevitable - that the Lavi project must be cancelled - was party leader Shimon Peres. Until the very last minute, he fought for the Lavi. True, he pushed the resolution ending the project through the cabinet, defending his decision after the vote, but the fact is that it took him a long time to say openly that the Lavi had to be scrapped. That only illustrates the difficulties Israeli politicians have in departing from old and faulty ways of thinking.

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### Restoration of Ancient Lachish City Gates

The Friends of the Archaeological Institute will present the restoration work of the Biblical Lachish City Gates and Bastion at the Lachish excavation site on September 29, 1987.

Part of the restoration will be dedicated to and named after our founder member, Mr. Jacob Alkow.

Personal invitations are to follow.

The Movement for Progressive Judaism in Israel

Today, Friday, September 4, 1987  
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We are happy to welcome

### Rabbi David Sapperstein

who will deliver a sermon (in English) on:

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under the auspices of the  
Center for Democratic and Zionist Judaism,  
13 Rehov David Hamelech, Jerusalem.

On Rosh Hashana eve, each one of us welcomes the new year surrounded by his family, celebrating at a table laden with good holiday food, with joy, hope and song. Let us share our holiday spirit, this gift bag, chock-full of food items, will bring the holiday happiness right into their homes together with our warm and heartfelt greetings. All you have to do is bring this bag to the Super-Sol or Hyper-Sol branch nearest you and fill it with items from the recommended list. Prepared, filled bags are also available at these branches (13-18.9.87). The bags will be delivered by hundreds of volunteers to the homes of the elderly in the framework of the "Bag Same Ah to the Elderly" Campaign conducted at the initiative of the AMIT, Jerusalem volunteer association for mutual assistance. In cooperation with: Super-Sol, Ma'ariv, The Jerusalem Post "Porsake Me Nor" Fund, and the local authorities. Under the aegis of the Deputy Minister of Labour and Social Affairs, the Ministry of Volunteers and Service for the Elderly Department. Be generous to our less fortunate elderly. Let's make this a Happy New Year for all.

Remember: this is not a monetary contribution.



## MARKET PLACE

PINHAS LANDAU

Anchors  
aweigh!

The share market is behaving in a classic manner. Technical analysts are pointing to the manner in which, after building a base during the summer months, the market executed a breakout over the last 10 days.

With turnover climbing and the main mutual fund groups more positively disposed toward the market, the hopes of a testing of the spring highs seem quite reasonable. Indeed, some analysts are projecting much higher levels than those achieved in April, and see the market at the beginning of the second leg of a major bull trend that began in mid 1986.

The fundamentalists have their own methodology, but they seem to be pointing in the same direction as the technicians whom they despise.

For them, the turning point came when Peres abandoned support for the Lavi, making it certain that the plane would crash. Sunday's dramatic vote sealed that issue, and sent both prices and volume soaring.

Throughout this week despite the rumblings of politicians and the noise of demonstrations, the market has given scant weight to the possibility of a "revision." Instead it has surged ahead, pausing for breath on Wednesday (perhaps to make sure which Moshe would resign - Nissim or Arens) and then picking up again on Thursday.

The Lavi decision, to the fundamentalists, clears the way for a celebration of the stream of positive company results that are emerging. The macro-economic picture is also consistently better than had been feared, regarding inflation, balance of trade, budget deficit, oil prices and other factors. The inevitable consequence of all this is a share market boom.

Anchors  
aweigh?

The labour market, in sharp contradiction to the capital market, has suffered a week of shock, uncertainty and trepidation. Some aspects of this were noted in Wednesday's Marketplace.

However, the performance of the Israel Aircraft Industries employees who lined up outside the U.S. and Canadian embassies on Wednesday morning is worthy of further comment.

The participants themselves more or less admitted that the whole thing was only an act designed to bring more pressure to bear. But no one doubts that when the firings take place, some of those who lose their jobs will look and find opportunities overseas, primarily in the U.S.

Without going into the many other facets of immigration and emigration it should be remembered that there exists a free and fairly efficient international market for highly trained personnel of the sort under discussion. The number of Israelis in Silicon Valley, Route 128 and elsewhere, is powerful evidence of that.

But the market is a two-way affair. If even half of the woes that the Lavi's opponents claim would have resulted from continuing the programme are true, the overall negative impact on the economy, and consequent job loss, would have been much greater. It is a safe bet that we will eventually be provided with figures showing how many people employed in and around the Lavi went abroad - and maybe even recording what happened to them.

But we will never know how many people of all walks of life - teachers, accountants, engineers, clerks, and all the rest - will immigrate here in the next few years because the economy is in better shape to absorb them.

As for the high technology sector in America, it should be pretty clear that it is also far from being a one-way street with success assured. Even financially, and even for top-quality personnel, the risks are high. Although in the last recession in the U.S., in 1981/82, the high technology sector was relatively unaffected, many firms got clobbered in 1983/84 when some areas, such as semi-conductors, and consumer products, were hit hard.

But the defence build-up of the Reagan years has underpinned this market throughout the current decade. This, too, will not last for ever. People with long memories know that when the space programme - the "national prestige project" par excellence - was cut back in 1969/70, the outcome was that the better educated ones, the worse the blow.

The IAI engineers should ask Bostonians about the time when Ph.D.s from Harvard and Princeton, turned out by NASA, could find no better job than washing dishes in restaurants. That's not quite what the guys outside the embassies had in mind, but then they won't be the first to discover that not all that glitters in the goldene medina is quite what it seems.

**OFFERING.** - Manufacturers Hanover Trust said Wednesday it has registered with the government to sell common stock worth an estimated \$245 million later this month. It is among the banks that added huge amounts to their loan-loss reserves this spring to cover possible defaults by Third World nations.

## Moshav debt plan wins praise

By ANDY COURT  
and SHLOMO MAOZ

Two important changes made in the moshav aid plan this week are likely to resolve difficulties that have delayed the long-awaited bailout of the country's cooperative farms.

Though it's not clear if the aid plan is acceptable to all the parties, bankers, moshav leaders and government officials contacted by *The Jerusalem Post* were generally optimistic. They noted that the changes represented a return to the spirit of the original Ravid committee report, which was an informal agreement between the banks, Treasury and Agriculture Ministry.

The changes were made Wednesday by the Knesset Finance Committee in response to a proposal by Finance Minister Moshe Nissim.

Instead of paying 6.7 per cent interest on rescheduled loans, the farmers will now pay interest according to the rate the government pays to raise money through bonds and pension funds.

And instead of wiping out, across-

the-board, all of the NIS 320 million in debts belonging to the moshav purchasing organizations and their various subsidiaries - a step which critics claimed favoured the stronger moshavim at the expense of the weaker ones - the aid plan will now wipe out a much larger share of the debt according to each moshavim's ability to repay its debts.

Financially strong moshavim will be called upon to repay NIS 100m. of the debts run up by the purchasing organizations. These debts would have previously been part of the NIS 320m. across-the-board erasure.

Yohanan Daniel, co-secretary of the Moshav Movement, says farmers are happy about the change to a floating interest rate, since they believe that it will remain below the fixed 6.7 per cent rate previously set.

The government currently raises money at about 5 per cent, which would amount to a 6-7 per cent interest rate when the bank commission is included. But the rate is expected to go down even further if the economy continues to stabilize.

Nothing should now hold up the implementation of the aid plan, Daniel says. He notes that a special government agency, or administration, can now begin ironing out the technical details of the aid plan.

A top banking official who has been involved in the moshav issue since the beginning of negotiations between the government and the banks is more cautious. "The changes are positive," he says, "but I don't know if it's enough."

A top government official says the changes in the aid plan have laid a sound foundation, and whatever problems arise in the future will be natural problems that can be solved by the administration, with the approval of the Agriculture Ministry and the Treasury.

The basic parameters of the moshav aid agreement remain the same: The government will loan the banks money so that the banks can reschedule NIS 852 m. in moshav debts over a period of 15 years. Some NIS 420m. of debts will be wiped out by the banks, the Jewish Agency and smaller creditors.

What has been changed is the way

the debts will be erased. Under the Knesset Finance Committee's previous plan, NIS 320m. - the total debt the moshavim owed to the purchasing organizations that provided them with supplies, equipment and a variety of other services - would be wiped out, with another NIS 100m. to go to particularly needy moshavim.

Under the revised plan, NIS 220m. will go to the moshavim according to their ability to pay, and a similar amount will wipe out the general debts of the purchasing organizations. The remaining NIS 120m. of purchasing organization debts that still must be paid will come from the stronger moshavim. How much each moshav will pay will be determined by the administration implementing the aid plan.

In addition to the debt erasure and rescheduling, the aid plan still calls for important structural changes in the moshav farming system and will require hundreds of family farmers who are very deeply in debt to stop farming altogether, while turning their land and water rights over to other farmers.

Plane unfair: Hired  
on Lavi's last day

By KEN SCHACHTER

For *The Jerusalem Post*  
TEL AVIV - Mark Margolin was the last man aboard the Lavi.

Sunday morning, the American-born mechanical engineer began his first day of work on the jet fighter. By 11:30 a.m., the warplane had gone down in flames as a sharply divided cabinet bowed to fiscal constraints and voted to scrap the \$1.5 billion project.

Said Margolin, with considerable understatement: "The timing was extraordinary."

Even an Israel Aircraft Industries spokeswoman was taken aback when informed that an employee had started work Sunday. "I can't believe it!" she said. Though employee records weren't immediately available, the spokeswoman said it was a good bet that anyone starting work on Sunday was the last employee on the Lavi project.

What makes the sequence of events seem even more uncanny is that Margolin had been kept dangling since February, when he arrived in Israel. Delays in obtaining a security clearance stalled his hiring. IAI officials told him. In the interim, Margolin pounded the pavement in a fruitless search for a comparable engineering post outside IAI and found himself without a home when he was pressured to leave an absorption centre in Kfar Saba. Since then, the 26-year-old bachelor has stayed with friends, but has yet to find permanent housing.

During that period, Margolin also watched one of world's most protracted - and public - dogfights over the fate of a fighter aircraft. The battle flowed from the sphere of economics into the sphere of politics and back again. Public figures tilted this way and that until it gradually dawned on Margolin that he had resigned from his old job at Boeing Aircraft for a decidedly uncertain professional future in Israel.

Since he started work, Margolin hasn't had much time to do engineering. Like thousands of other workers at IAI, he has been spending his time blocking traffic and shouting slogans.

"I don't make sense to go back to work on something that's not going to fly anyway," he said. "What's the difference if the fuel system works or the avionics work if it's not going to fly?"

This week he joined protests at the Labour Party headquarters and the U.S. Embassy in Tel Aviv. At the embassy, marchers sought to show their displeasure at U.S. pressure to suspend the Lavi, while simultaneously showing that they were prepared to leave Israel if they are deprived of adequate employment.

"We want visas! We want visas!" they shouted. The irony wasn't lost on Margolin, who was promised a job on the Lavi last November and left his job at Boeing's Seattle plant, in late January.

"I thought of returning to the U.S.," he said. "I couldn't tell the Israelis not to do that." In fact, Margolin has applied for a job with his former employer, though he has no assurance that Boeing will take him back. "I had a chance to take a leave of absence, which I didn't do because I thought (the Lavi) was so certain. I'm regretting that now."

Even ardent supporters recognize that it remains doubtful that the firestorm of protest will allow the Lavi to arise like the Phoenix. And if the Lavi remains in ashes, Margolin recognizes, his future in Israel very possibly goes with it.

"It's unreal," he said in an interview. "I thought I had a lucky break here. Then it was taken away."

Margolin recalled an almost unreal air of normalcy surrounding his first day at work, even after word spread about the cancellation.

"I went to the employment office and filled out forms," he said. "My picture was taken to get a badge. I got a lunch ticket. Then they sent me to my engineering boss. We went to the lunch line. No one was visibly shaken." One lunchroom joker indulged in black humour, saying he plays the violin as a hobby and perhaps that would be his new career, Margolin said.

Other IAI workers also find Mar-

golin's plight "comical." Margolin said he would share that view if it weren't so tragic.

Estimates of layoffs due to the Lavi cancellation have varied widely, from 1,000 to 6,000. By any measure of seniority, Margolin would seem a prime candidate for a pink slip.

"I'm not fired yet," he said gamely. But at the same time, he acknowledged that the last hired are likely to be the first fired, which would put his job in imminent jeopardy.

"How much can a guy take?" Margolin asked. "It seems like the U.S. is the land of opportunity. I didn't know that until now."

## U.S. bonds take drubbing

NEW YORK (AFP). - The weaker U.S. dollar and fears of a tighter Federal Reserve policy have knocked government securities sharply lower this week and left investors here speculating about the extent of the shake-out in international stocks and bond markets.

The U.S. Treasury's key 30-year bond fell about \$15 for each \$1,000 in face value yesterday as interest rates soared to 9.52 per cent Wednesday. It was the highest level in 19 months.

Investment analysts said evidence of a relatively strong growth in the U.S., gathering pace in the third quarter, had dampened bond investors' purchases and sparked fears of more credit restrictions.

Edward Yardeni, chief economist at Prudential Bache Securities Inc., said there was a good old fashioned reason for the shakeout. "The eco-

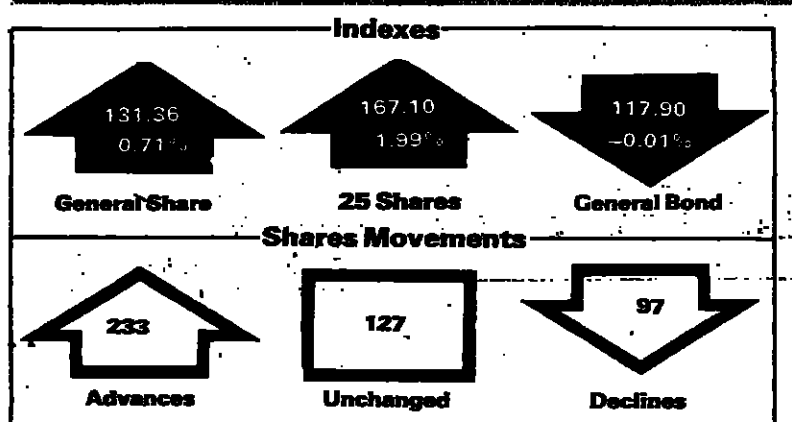
nomy is strong and when consumers are happy, bond people are miserable."

Many analysts believe higher inflation, stemming from a more robust economy, will prompt the Federal Reserve to raise its discount rate to 6 per cent from its current 5 1/2 per cent. Bond yields around the world have been going up.

There is a widespread feeling that the dollar must fall even further to improve the nation's poor trade performance and several analysts are now forecasting a decline of between 10 and 15 per cent in the stock market within the next couple of months.

Dealers speculate that the U.S. and its major allies are willing to let the dollar decline as long as it does so gradually. Although the Bank of Japan appears to want a more aggressive defense of the dollar.

## Tel Aviv Stock Exchange



## Selected Prices

Name	Price	Volume	NIS	%
Surfrost	16798	103		
Asia	418	588		
Adgar	614	4385		+3.0
Argemint	14115	32		+2.2
Delta Gas	2800	1538		+3.8
Lodice	3415	89		
Ugar	308	6248		+2.7
Poleg	1700	20		+2.4
Giloy Sabina	12720	93		+1.0
Urdan 0.1	420	15070		
Winetec	2889	182		
Zion Dabim 5.0	447000	5		+8.1
Packer Steel	3213	3377		+5.2
Edot	2550	1522		+4.1
Beira 0.1	24122	234		
Aryt	1800	901		+0.6
TAAT 1.0	1385	200		+5.7
Y.P. Clal	218	34150		+8.3
Y.P. Clal	645	2084		+2.4
Y.P. Clal	1578	1340		-0.1
Y.P. Clal	2240	220		+0.0
Y.P. Clal	845	18		-1.2
Y.P. Clal	3630	134		+0.8
Y.P. Clal	1017	25388		+4.1
Y.P. Clal	531	2678		-0.7
Y.P. Clal	46200	82		+5.0
Y.P. Clal	275	9881		+3.4
Y.P. Clal	10040	327		+2.0

## Commercial Banks

Name	Price	Volume	NIS	%
Bank Leumi	21000			
Bank Hapoalim	1835	1788		+1.7
Bank Leumi	19400	87		
Bank Hapoalim	3510	1883		+2.1

## Commercial Banks

Name	Price	Volume	NIS	%
Bank Leumi	102800	233		-0.5
Bank Hapoalim	77113	20		+1.0
Bank Leumi	130800	43		
Bank Hapoalim	42140	263		-0.5
Bank Leumi	68500	485		-0.4
Bank Hapoalim	77845	4		
Bank Leumi	17845	1062		
Bank Hapoalim	59320			-1.0

## Mortgage Banks &amp; Finance

Name	Price	Volume	NIS	%
Bank Leumi	9950	400		+1.5
Bank Hapoalim	2550	307		+3.5
Bank Leumi	1835	1788		+1.7
Bank Hapoalim	3510	1883		+2.1

## Insurance

Name	Price	Volume	NIS	%
Ararat 0.1	1082	258		-1.8
Phoenix 0.1	780	228		+4.1
Herzliya 1.0	6000	43		+1.5
Memorah 1	2208			-2.8
Sahar 1	384	1818		+1.1
Securities	11520	137		+2.7
Clal Leasing 0.1	22200	22		+4.7

## Trade &amp; Services

Name	Price	Volume	NIS	%
Intergas 1.0	1140	501		-5.0
Meir Ezer	1046	7672		+10.0
Crysan	840	1895		+3.4
Sagorai	14950	378		+4.2
Lightage 0.1	830	1830		
Clal Storage 1.0	1190	1738		
Levi Hotels 1.0	1625	47		+2.2
Corral Beach	7850	86		
Yarden Hotel	2880	235		+1.0
Wilen 1.0	421	4707		
MLL 1.0	13200	4		+3.9
Team 1.0	745	825		+2.8

## Real Estate, Building and Agriculture

Name	Price	Volume	NIS	%
Al-Rov	375	3024		
Africa Int. 0.1	88850	52		+0.2
Arifon	3810	88		+2.3
Develon	6700			
J.E.C.	308	7132		+3.7
Bayville 0.1	5700	551		+3.8
Israel	19800	235		+5.0
Avrim Prop.	342	10410		+5.2
Mehadrin	6875	610		+2.1
Hadarim Prop.	2030	1081		+2.5

## Industries

Name	Price	Volume	NIS	%
Dubek	8280	75		
Tempo 1.0	36100	28		+1.7

## Abbreviations:

A.S. before only	b. before
U.S. before only	h. before

## Invitation to Participate in a limited Tender

In accordance with a decision of Tel Aviv District Court (sitting before Judge Ari Even) in civil case 671/86, motion 8227/87, interested parties are invited to participate in a limited tender, which will take place at 8.30 a.m. on September 10, 1987, if the court does not approve a sales agreement signed by the receiver of the property known as Malonot Cohen or Ganei Yerushalayim.

The hotel is in the final stage of construction. It is being built in Jerusalem on a site which forms part of parcel 37, block 30155, and parts of parcels 8, 9, 10 and 50 of block 30147. The hotel has broad public areas, a covered and an open swimming pool, and private and public events halls.

Those who wish to be shown round the hotel, and/or wish to receive additional details, are asked to phone 03-282461.

Those who wish to submit a bid for the purchase of the hotel should be present in the chambers of Judge Ari Even at Tel Aviv District Court, at the above time.

S. Toussia-Cohen, Adv.

## Israel Money Markets

## Shekel Deposits (annual rates)

Bank	Deposit Size	Period	7 days	14 days	30 days
Bank Leumi (Sept. 2)	40-10,000	7.00	8.00	8.00	
	1,001-10,000	11.00	10.00	10.50	12.00
	10,001-50,000	11.00	11.00	11.50	13.00
	50,001-100,000	11.00	11.50	12.00	13.25
	100,001-500,000	12.00	12.00	12.50	
Hapoalim (July 22)	Up to 999	6.00	6.00	6.50	6.75
	1,000-9,999	11.00	11.00	11.25	11.75
	10,000-49,999	11.50	11.50	11.75	12.25
	50,000+	12.00	12.00	12.25	
	100,000+	12.50	12.50	12.75	
Discount (Aug. 23)	100,000+	6.00	6.00	6.00	8.00
	50,000-99,999	11.00	11.00	12.00	12.50
	10,000-49,999	12.00	11.50	12.50	13.50
	1,000-9,999	12.00	11.50	12.50	13.50
	400-9,999	12.00	11.50	12.50	13.50
Hapoalim (Aug. 26)	40-1,000	8.00*	8.00	7.00	7.00
	1,001-5,000	10.00**	9.50	9.50	11.00
	5,001-10,000	11.00	11.00	11.00	12.00
	10,001-50,000	11.50	11.50	11.50	12.50
	50,000+	12.50	12.00	12.00	13.00
First bank (Aug. 10)	500-999	—	8.90	9.10	9.60
	1,000-4,999	11.00	9.80	10.10	10.40
	5,000-9,999	11.00	11.00	11.00	11.50
	10,000-49,999	11.50	12.00	12.00	12.50
	50,000+	12.50	12.50	12.50	13.10
NIS 2,000.0-4,000.0	4,000.0-6,000.0	12.50	12.50	12.50	13.10



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ADMINISTRATION The Jerusalem Post Building, Jerusalem P.O. Box 81  
(9100) Telephone 551616, Telex 36121, Fax 551636, TEL. AVIV 9 Rebov Carlsbad,  
POB 20126 (61201) Telephone 294222, 288231-6 (six lines) Fax 203228, HAIFA 16 Rebov  
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## Barbarians at the gate

THE CHOICE at this week's end is stark in its simplicity: it is between writing an epitaph for the Lavi or writing it for the State of Israel.

Last Sunday the government ended three months of deliberation on the subject of the Lavi by deciding to scrap the project. The outcome had not been foreseen at the start of the debate. Until early this year the Lavi's future seemed to be perfectly secure. An Israel without an operational Lavi appeared almost inconceivable. A leading political party, Herut, had unanimously "adopted" the Lavi at its national convention last year.

But grave doubts about the Lavi that had earlier been expressed almost only in private, even if at the highest political levels, now began to surface in public discourse. It turned out that they had for some time been entertained by such as the minister of defence, Yitzhak Rabin, and the previous finance minister, Yitzhak Moda'i.

When the Pentagon's Dov Zakheim arrived on the scene to openly challenge IAI's cost estimates for the Lavi, in effect calling them fraudulent, the matter plainly could no longer be swept under the rug. And confidence in the Lavi could no longer be vested without well-argued reason.

The State Comptroller, Avraham Maltz, next delivered a body blow of his own to the Lavi, by revealing the horrendously irresponsible decision-making that set the jetfighter on its fateful course. Attempts by the Likud to soften the blow by banning publication of the report until after the government had taken its decision, only boomeranged.

Nevertheless, the Lavi still did not become a straight party issue, and it could still be expected that a reasoned government decision would win wide popular approval.

If the number of Lavi opponents grew as time went on, that was largely because the two ministers whose opinion weighed most heavily in the balance, Mr. Rabin and Moshe Nissim, the finance minister, a Liberal, locked arms in uncompromisingly rejecting it. What they said now should have been said out loud long before: that the IDF wants not the Lavi, which has a ready substitute, but more vitally needed new weapons that cannot be purchased abroad; and that the economy could not carry the burden of the Lavi without collapsing.

But now they said it, and their message rang loud and clear. The government could not dismiss their advice without dispensing with their services. The scales thus started tipping against the Lavi.

Had the vote in the cabinet been taken, as scheduled, on August 16, it would have been a victory for the Lavi's opponents. That, and not the flimsy excuse given, was the motive for the joint initiative by Premier Yitzhak Shamir and Vice Premier Shimon Peres in delaying the vote for two weeks. It was on the assumption that he had in the meantime turned the tables on the opponents that Mr. Shamir polled the cabinet last Sunday.

For in the meantime he had "persuaded" the perambulating Liberal tourism minister Avraham Sharir, by means of a transatlantic telephone call, to reverse his already recorded vote against the Lavi and for Mr. Peres's belated substitute programme. Mr. Sharir's only argument, Mr. Sharir later publicly testified, had to do with the need for party unity.

After this, attempts by Herut leaders to deny the undeniable and to put the blame on the Alignment for "politicizing" the debate by "rapping" Shoshana Arbeli-Almosino into abstaining, thus dooming the Lavi, deserve nothing better than to be passed over in contemptuous silence.

The striking, demonstrating, rampaging IAI workers in Jerusalem, Tel Aviv and at Ben-Gurion Airport have picked up this cynical thesis in their effort to force the government to change its stand on the Lavi. If their wish is not granted, one demonstrator outside the Foreign Ministry's gate barked into a microphone yesterday, "We'll disrupt them the whole State of Israel." Rape would have been a better word.

The barbarians are at the gate. Those Likud leaders, including the premier, who instead of putting them in their place, seek to win their political favour by mollicodding or siding up to them by even vaguely promising a re-vote, are now guilty of endangering the foundations of government authority and the civil order.

## The spoils of the Lavi war

Shlomo Maoz

FIRST THEY slaughtered it. They have been busy dividing up the spoils of the war over Lavi. There was a lot at stake from the multi-billion dollar project, whether you fought against it or lobbied for it, either here or in the U.S. Each group involved in, or excluded from, this project had fought hard for its interests. The struggle was sharp, sophisticated and cruel — perhaps the same characteristics which were demanded from the late fighter itself.

Nobody claims now that the Lavi was essential for our security. On the contrary, the defence establishment, including Defence Minister Yitzhak Rabin, has been claiming since last spring that in the long run, for the security of our soldiers and victory in the next round over our enemies, we had to halt the waste of American money on this project. That was actually the Achilles heel of our homemade baby: it was replaceable, otherwise who would care about cost, price, alternatives or the spin-off effect on our economy.

In the past, Israel spent and invested huge amounts of taxpayers' money in security projects. Almost nobody asked questions since it related to our defence establishment. The Alignment invested about \$17 billion in Sinai, for our security, (when the dollar was almost twice as strong as it is today). The Likud spent \$3b. in the West Bank, for our security, and invaded Lebanon for — you guessed it — for our defence. Before the invasion of Lebanon, nobody calculated how much it would cost since it was — as you probably know — for our defence. If there were questions afterwards, they weren't posed in terms of money, but in terms of national needs. How do you measure our national ego? The fact is that nobody has calculated how much money has been spent so far on our egos. We should calculate how much our ego is worth, so that maybe we can save some money.

Once we admitted that the Lavi project could not be used to protect ourselves from foreign pressures — since more than half of it was being built abroad and all of it was being financed by the Americans — the

way was open for groups with vested interests to demand that the project be killed.

The first group to ask that its potential competition be eliminated consisted of American firms, the Pentagon and later, the Reagan administration. During the past several decades, the Americans have lost their competitive edge in major areas where they used to have a clear advantage over the rest of the world. Now, the Americans have reached a situation where they have to protect themselves in the last two or three fields — aviation, space and super computers — where they still have some advantage or are supreme.

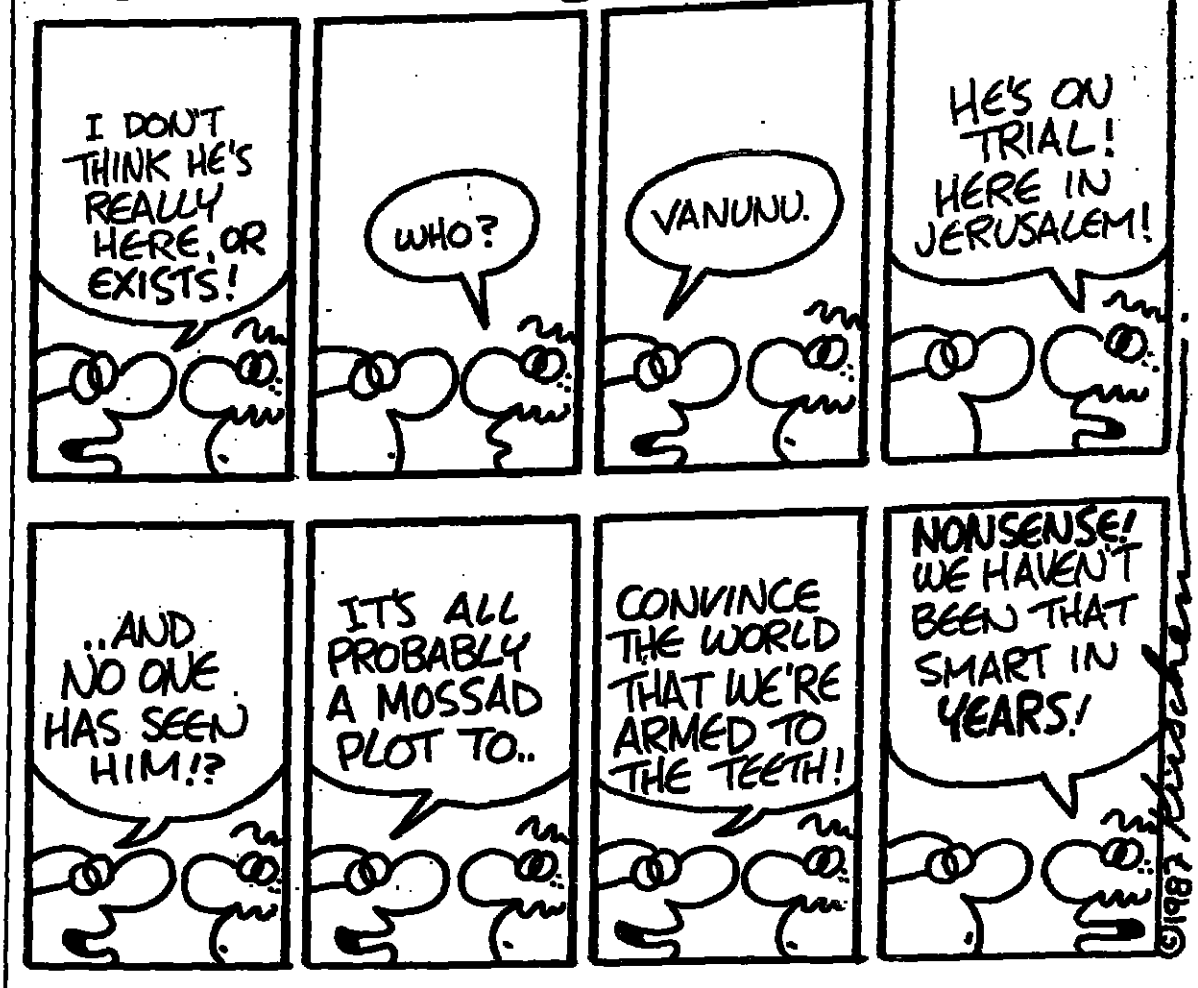
The Americans have already battled with their allies in Europe over the Airbus Industries. They claim that the Europeans are subsidizing their civilian aircraft industry in a way which will undermine America's control of that industry. They have threatened to retaliate if the Europeans don't change their policy.

America's protectionist policy is increasing as its balance of payments deficit reaches \$150-200b a year. The U.S. Senate and the House of Representatives are both working on new trade bills after they both passed protectionist bills last April. Seeing the Israelis produce their own airplane with American money was too much. So the future of the Lavi fighter was clear from the beginning.

THE SECOND enemy of the Lavi was paradoxically the IDF. Since the Treasury seriously cut its budget three years ago, the defence establishment has been trying to get around the evil decree, using many ruses. At first, the IDF didn't cut its army inventory but only its stocks of ammunition, postponing some programmes until the following year and cutting back on training. The hope was that the cutbacks would only be temporary and that after a year, the army would have the influence to bring the defence budget back to its old level.

But severe economic problems forced the unity government to continue to press for further cuts in the defence budget since the situation in

## The Friday Dry Bones



the welfare services reached an intolerable level which didn't allow any further cutbacks. Thus, with no chance of meeting defence needs, according to the general's specifications, the natural target was the Lavi fighter, which consumed about \$200 million a year.

Without the Lavi, the IDF will have some \$200-\$250 million more for domestic use per year for the next decade, compared to the present defence budget. The current defence budget for domestic use is about \$2.8 billion in shekels. That will allow the defence establishment to grant more orders to local industry. This is contrary to the trend of the past several years when many Defence Ministry orders had gone abroad — another way of finding cheap supplies for the IDF because of budget restrictions.

Now the defence establishment has the power and the money to develop weapons systems in Israel with shekels. But naturally, the orders will not go to those subcontractors who worked on the Lavi, even though the politicians are promising to supply those manufacturers with

as many government orders as possible.

THE THIRD opponent of the Lavi is the political establishment. How could it be that the government agreed to pay some \$7 billion to shareholders of the banking system in October 1983, but this week decided to scrap the Lavi to save, according to the Treasury and Defence Ministry, only \$2 billion?

In 1983, the Likud was in power. It was after several years of hyperinflation and poor overall economic performance. At that point, the Likud didn't like the idea of being blamed not only for the economic disasters, but also for bankrupting the banking system and its clients.

On the other side, was the Alignment which controlled Bank Hapoalim and about one quarter of the economy. Bankruptcy could harm them in a way that would diminish their political power in the long run. The National Religious Party, which controlled the United Mizrahi Bank, was in the same situation.

Thus, because of their own vested interests, all the parties were seeking ways to compensate the share-

holders at the expense of our economic future. In my opinion, the bank share arrangement has more serious implications than the rise and fall of the Lavi.

Now, each of the two major parties in the unity government are trying to reap political gains from the Lavi affair. The Likud, which failed in all its policies, from its economic schemes to the Lebanon swamp, now is trying to boost our national pride and ego, without disclosing the price we will have to pay for it.

The Alignment's Shimon Peres had a great internal conflict about the Lavi, before deciding to oppose it. Now, together with his colleagues, he is trying to give us a reasonable future, without us losing too much pride.

The public will judge the parties on election day not only for that but also for their entire performance since they formed the unity government: the withdrawal from Lebanon, the July 1985 economic plan and the scrapping of the Lavi project.

The writer is economic editor of The Jerusalem Post.

### READERS' LETTERS

#### ISRAELI WOMEN

To the Editor of The Jerusalem Post  
Sir, — After a three-year stint working in Israel, the time has come for me to return from whence I came. There are, of course, many regrets, but I ought to say that some of my overseas friends say I have been here too long as I have acquired some of the "undesirable" features of Israeli personality, viz. rudeness, aggressiveness and a tendency to speak unnecessarily loudly.

Be that as it may, I must say that one of my disappointments has been the general mind of Israeli women. That many are beautiful is self-evident just by walking around the streets. But I have found a lack of gentleness, good manners and, most important to a young bachelor, a complete absence of romance. Many mistake that for the ability to bed down in the shortest possible time, but the lovely features of genuine romance, the reaction to the old-world touches seem to be lacking. Why is this?

My married Israeli friends constantly complain that their wives soon lose the romantic approach. Is there something wrong in the system? AF-

ter all, the Irish in the North are still full of romance and dreams, so the nearness of brutality is not the answer.

A French friend said to me: "I love looking at Israeli women, but when they open their mouths, the beauty is cruelly marred."

Maybe your readers think I have been missing something. If so, I wish to know what it is before I leave.

G. LENNOX  
Hagsholim (Glasgow).

#### NATIONAL PRIDE

To the Editor of The Jerusalem Post  
Sir, — With regard to the rationale that to continue building the Lavi would be a boost to national pride, I as an Israeli citizen would suggest that it would boost national pride to discontinue a project which apparently would be harmful from both a financial and military standpoint.

The discontinuation of this project would be an indication of the ability of our political system to function. In this, I would take great pride.

Kfar Blum. EDWARD STERN

#### RABBI

#### SHLOMO GANZFRIED

To the Editor of The Jerusalem Post  
Sir, — I am compiling a family tree of Rabbi Shlomo Ganzfried (1804-1886), author of the *Kitzur Shulchan Aruch* and numerous other works, and I would appreciate hearing from his descendants.

JACK E. FRIEDMAN,  
11681 Avenue,  
Kew Gardens, N.Y. 11415.

#### SOVIET JEWRY

To the Editor of The Jerusalem Post  
Sir, — I was distressed to discover that the weekly Soviet Jewry page no longer exists in your paper. It was always a source of much-needed information. Our bulletin board dedicated to Soviet Jewry often featured articles from your newspaper.

Such a news-worthy topic demands coverage. English readers in Israel and abroad need to be up-to-date on the condition of their brothers and sisters in Russia who do not have the freedom to speak out for themselves. I urge you to reconsider this matter.

SHAI SOLOMON  
Director,  
Israel Centre  
Jerusalem.

The Jerusalem Post extensively featured articles and reports on the subject of Soviet Jewry long before it initiated a "page," just a year ago, and we will continue to do so with or without such a page. — Ed. J.P.

### POSTSCRIPTS

**P.S.** ACTRESS Zsa Zsa Gabor paid tribute to U.S. divorce lawyers recently, saying "You guys made me rich and famous."

Gabor, wearing a tight-fitting, low-cut chiffon dress, delivered the keynote address at a luncheon of family law attorneys, explaining that the lawyer for her first divorce advised her not to seek alimony.

The result, said the diamond-bedazzled Gabor, was that she had to go into show business to pay his fees.

"Not diamonds, but divorce lawyers are a girl's best friend," she told about 300 lawyers and their wives.

Gabor, author of the book *How to catch a man, marry him, and get rid of him*, has been married eight times and divorced seven. She still is married to a German prince.

"I have never asked for alimony," she said. "First, I was too stupid. Later I was so glad to get rid of them, I didn't need to get paid."

**P.S.** SOVIET zoologists have returned a rare horse to the desert where its ancestors once ran wild as part of a new effort to restore the breed's population to Central Asia, Tass reports.

The Prejvalsky horses are squat animals usually about 1.2 metres high with large heads and small eyes. They were named after 19th-century Soviet explorer Nikolai Prejvalsky, who discovered them during one of his many expeditions to the region. The horses were believed to be among the world's last wild breed,

but they have not been seen in their natural habitat for more than 40 years.

There are fewer than 300 Prejvalsky horses around the world, and all live in zoos, Tass said.

Tass said the stocky colt born in captivity in the southern Ukraine was brought to a special animal nursery near Tashkent.

"The new boy in town is getting accustomed to the hot climate in a separate enclosure and enjoys a special diet," Tass said. "As soon as the animal gets used to its new home, fillies will be flown in."

**P.S.** PRESIDENT Mubarak recently made some candid quips about Egypt's cumbersome bureaucracy and offered a reward to anyone who could undo the red tape.

Addressing a conference in Cairo of 1,500 Egyptian expatriates, he said: "We have made a great effort to dismantle bureaucracy, but if any man tells me he can do it, then I will say my guest. You are truly a Tarzan."

Mubarak promised a reward of 5,000 Egyptian pounds (\$2,820) a month in salary — a fortune by Egyptian standards — and a medal to the person who succeeded.

He also exhorted expatriates to invest in Egypt and said \$2 billion had been spent in the last five years to improve the country's infrastructure.

Egyptians working abroad are Egypt's main source of foreign exchange, remitting some \$4b. a year.

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